

Comprehensive Annual Financial Report



*City of Austin,
Texas*

*For the year ended
September 30, 2002*

*Prepared by:
Financial and Administrative Services Department*

*John Stephens, CPA
Director*

*Barbara Nickle, CPA
Controller*

*Members of the Government Finance Officers Association
of the United States and Canada*



City Council

Gus Garcia

Mayor

Term expires June 15, 2003

Jackie Goodman

Mayor Pro Tem

Term expires June 15, 2005

Council Members

Raul Alvarez	June 15, 2003
Betty Dunkerley	June 15, 2005
Daryl Slusher	June 15, 2005
Danny Thomas	June 15, 2003
Will Wynn	June 15, 2003

Toby Hammett Futrell

City Manager

**CITY OF AUSTIN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended September 30, 2002**

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INTRODUCTION



City of Austin

Municipal Building, 124 West 8th St., P.O. Box 1088, Austin, Texas 78767

March 26, 2003

Honorable Mayor and Council Members
City of Austin, Texas

Ladies and Gentlemen:

We are pleased to submit to you the 2002 Comprehensive Annual Financial Report (CAFR) of the City of Austin, Texas. The report was prepared by the Financial and Administrative Services Department, Controller's Office. The combined financial statements and related notes have been jointly audited by the independent firms of Certified Public Accountants, KPMG LLP, and R. Mendoza, CPA, whose reports are included herein. This audit satisfies Article VII, Section 16 of the City Charter, which requires an annual audit of all accounts of the City by an independent Certified Public Accountant. The Federal awards received by the City directly from Federal agencies or passed through by the State of Texas or other governmental entities during fiscal year 2002 are being audited under the provisions of the Single Audit Act of 1996, as amended, and State awards are being audited under the provisions of the *State of Texas Single Audit Circular*. The reports will be available in the City's separately issued Single Audit Report.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rests with the City. We believe the data, as presented, are accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

This is the first year for the City of Austin to prepare financial statements under Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Statement No. 34 (GASB 34) was developed to make annual financial reports of state and local governments easier to understand and more useful to those who make decisions using governmental financial information. As a result of the City's implementation of GASB 34, the information in this CAFR differs significantly from previous years. The major changes are, as follows:

- The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, a list of principal officials and the City's organizational chart. The Financial Section includes the independent auditors' report, the management's discussion and analysis, the basic financial statements, required supplementary information and the combining and individual fund financial statements. The Statistical Section includes selected financial and demographics information presented on a multi-year basis.
- New government-wide financial statements are designed to provide readers with a broad overview of the City in a manner similar to a private-sector business. These statements include the statement of net assets and the statement of activities and cover all of the City's activities (except fiduciary activities).
 - The statement of net assets reports what the City owns (assets), what it owes (liabilities) and what is left over after assets have been used to satisfy liabilities (net assets).
 - The statement of activities reports the City's expenses and revenues, as well as other changes in its net assets during the year.
- Other changes associated with the government-wide statements include the following:
 - Infrastructure assets are included in the government-wide statement of net assets, and depreciation is included in the statement of activities. Infrastructure assets are roads, bridges, sidewalks, signals and drainage improvements. Financial information on infrastructure assets was not previously required.
 - The general fixed assets and the general long-term debt account groups no longer exist; the assets and liabilities previously reported in these account groups are now reported in the government-wide statements.

- Fund financial statements report the finances of fund groups within the City's reporting entity – its governmental, proprietary and fiduciary funds. Reconciliations describe the adjustments necessary to move from the fund financial statements to the government-wide financial statements. The reconciliations are included because the two types of statements measure the City's finances differently. The fund financial statements are similar to statements presented in prior years.
- Fund financial statements focus on major funds, as defined by GASB 34. The major funds of the City are the General Fund, Electric, Water and Wastewater, and Airport funds. Other funds are grouped together and reported as nonmajor funds.
- Funds previously reported as expendable and nonexpendable trust funds have been reclassified as special revenue funds, agency funds or permanent funds. Permanent funds are a new fund-type created to report resources which legally permit earnings, and not principal, to be used to support the City's programs.
- Management's Discussion & Analysis (MD&A) is required supplementary information, and provides information and analysis that users need to interpret the basic financial statements. This letter of transmittal complements the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

REPORTING ENTITY

This CAFR includes the financial activities of the primary government and its component units. The City provides a full range of services, including general government, public safety, transportation, planning and sustainability, public health, public recreation and culture, urban growth management, electric, water and wastewater, airport and other enterprise services. In addition, the City has blended with its financial statements those of the separate legal entities, the Austin Housing Finance Corporation, whose activities are reported in the Housing Assistance Fund, and the Austin Industrial Development Corporation, whose activities are included in the Austin Industrial Development Corporation Fund.

AUSTIN'S GOVERNMENT, ECONOMY AND OUTLOOK

The City of Austin, chartered in 1839, has a Council-Manager form of government with a Mayor and six Councilmembers. The Mayor and Councilmembers are elected at large for three-year staggered terms, with a maximum of two consecutive terms. The City Manager, appointed by the City Council, is responsible to them for the management of all City employees and the administration of all City affairs. This was a year of transition for City management with the appointment of Toby Hammett Futrell as City Manager, following the departure of long-term City Manager Jesus Garza.

The City is the cultural and creative hub of the Central Texas area, a metropolitan region with 670,000 residents. In recent years, both the population and economy of Austin have grown extraordinarily. The population increased 40 percent in the last decade, and the per capita income rose from \$18,000 to \$32,000 annually.

Austin is frequently recognized as a great place to live and/or work, with one of the most recent commendations in *Money* magazine's 16th Annual "Ten Best Places to Live in America," where Austin is ranked eighth. Austin has long attracted a variety of people, and the reasons that draw people to the City are varied. The area has a natural beauty and a first-rate parks department that administers a number of public outdoor recreational facilities, including neighborhood parks, greenbelts, athletic fields, golf courses, tennis courts, a veloway for bicyclists and in-line skaters, miles of hike and bike trails and striped bike lanes, a youth entertainment complex and swimming pools.

Residents of Austin enjoy many outdoor events, including art, music, and food and wine festivals; races and bicycle rides; and the nightly flights of the world's largest urban bat colony. Indoor events vary from music to museums to ice hockey, art galleries, an opera facility and a wide variety of restaurants and clubs. Long recognized as the "live music capital of the world," Austin boasts more than 100 live music venues, and is home to the annual South by Southwest (SXSW) music and film festivals each spring.

The educational opportunities in Austin have long drawn people to the city. Among U.S. cities with a population over 250,000, Austin is one of the most highly educated cities, with more than 30% of its adults having a college degree and over 88% of the workforce having some college education. With its seven institutions of higher learning and more than 94,000 students, education is a significant aspect of life in the Austin area. The University of Texas at Austin (UT), the largest public university in the nation, is known as a world-class center of education and research.

During the 1990s, over 280,000 jobs were created in Austin; unemployment dropped to less than 2 percent in 2000. Since then, Austin and the Central Texas area have been hit hard by the technology slump. Unemployment in the area has increased sharply over the last two years. Austin's unemployment rate averaged near 6 percent during 2002, with almost 24,000 people unemployed. Statewide unemployment was also almost 6 percent.

Layoffs and the nationwide slump in tourism have negatively impacted both sales tax and hotel tax revenues. Sales tax revenue for the City declined by 6 percent from the prior year and hotel-motel taxes declined by 20 percent. Early 2003 collections show a decline in sales tax, and an increase in hotel tax. Property taxes for 2003 may be negatively impacted by lawsuits filed against the appraisal district; the suits challenge the appraisal district's property valuations for many businesses. If the challenges are successful, they could result in decreased tax revenue next year for the local taxing jurisdictions, including the City. These financial statements include the impact of estimated refunds of 2002 taxes.

The drop in the hotel tax collections is consistent with the nationwide decline in travel and tourism. The decline in travel has impacted both the City's airport and convention revenues. The airport has experienced a decline in both passenger and cargo traffic. For electric and water and wastewater activities, mild weather conditions resulted in lower than anticipated revenues.

With these experiences, City management implemented savings efforts early in 2002, and successfully reduced expenditures during the year, with a focus on reducing administrative costs. The savings efforts concentrated on holding vacant positions open and on identifying savings opportunities. As part of the 2003 budget, over 300 vacant positions were cut from the budget. Early economic forecasts indicated 2003 to be a transition year, with the Austin area expected to experience a modest recovery. Early 2003 indicators however show a delay in the recovery. Moving into 2003, sales taxes continued to drop. City management is taking steps to reduce expenditures for 2003 by implementing a hiring freeze and developing plans to achieve operational efficiencies.

For the future, Austin's strengths continue to be the ones that lead to growth in the recent past: a highly capable workforce, innovation and entrepreneurship, clusters in knowledge industries, the presence of a world-class research university and several other institutions of higher learning, strong community assets and a superior quality of life. Austin has concentrated economic activity in four major areas: technology-related manufacturing and research; entertainment, including film, digital entertainment and live music; information, especially publishing and software; and professional services.

MAJOR INITIATIVES AND ACHIEVEMENTS

The City has a number of significant initiatives underway or recently completed, as described below. These initiatives should have a positive effect on the City's economic health and services to residents and businesses.

Health and Safety Projects

Brackenridge Hospital is operated by the Daughters of Charity under a lease agreement with the City. The City is constructing and will operate a hospital on the fifth floor of Brackenridge Hospital. The new hospital will maintain access for anyone in need of reproductive health care services; maintain seamless delivery of services; and maintain the high quality of care available at Brackenridge Hospital. The facility is expected to open in July 2003.

The City, Travis County and local leaders are developing a plan for a hospital/health care district for Austin/Travis County. Such a district would allow for the creation of a dedicated funding source for the provision of health care and trauma services to all residents in Austin and Travis County.

Construction continues on a combined emergency center that is part of a major regional upgrade of all emergency communications systems and facilities. The center replaces the City of Austin and Travis County 9-1-1 Communications Centers and provides critical upgrades to the current emergency service systems. The center will also include the Austin and Travis County Regional Emergency Operations Center and integrates emergency services with a new, regional Transportation Management Center for the Texas Department of Transportation.

Convention and Cultural Projects

The Convention Center expanded facilities during 2002, with three additions: the Austin Convention Center expansion that doubled the size of the Center; the Palmer Events Center that is a new facility with 131,000 square feet, including 70,000 square feet of exhibit space; and the Palmer Events Parking Garage that is a four-story parking structure. The Events Center and parking garage were funded by a 5 percent increase in car rental tax.

The City continues with building a new City Hall and Public Plaza, which will be Austin's newest landmarks. The City Hall will overlook lovely Town Lake. New state legislation in 2001 allowed for use of the Construction Manager At-Risk model, in which the construction manager selection is based on qualifications and experience, and is not limited to the low-bid method of selection. The City has selected Hensel Phelps Construction Co. of Austin as the construction manager for the City Hall. Construction of the City Hall parking garage was completed in 2002.

Economic Development and Transportation Projects

A vital, on-going project is the redevelopment of the former Robert Mueller Municipal Airport (RMMA) site. The 709-acre site is envisioned as a transit-oriented community, including a town square, a mixed-use district, an employment center, a variety of residential uses, and possible site of a new hospital. The City selected Catellus Development Corporation as the developer for this long-term project and is currently negotiating the elements of the development agreement for the property.

The City is continuing work on transportation projects approved by the voters in 2000. Projects include State highway (SH) projects such as improvements to SH 183, which will improve access to Austin-Bergstrom International Airport, extension of Loop 1 North and construction of an east-west highway SH 45N in the northern portion of Travis County and SH 130, which will provide an alternative to IH 35 to the east of the City. Projects also include improved transportation options for pedestrians and bicyclists.

Utility Projects

Austin Energy, the City's electric utility, continues to prepare for possible deregulation. Deregulation allows Texas residents and businesses served by utilities participating in deregulation to choose the supplier from which they purchase their electricity. The local electric utility continues to deliver the electricity. Deregulation began in Texas on January 1, 2002 for all private electric utilities. These utilities, owned by stockholders, are called investor-owned utilities (IOUs). Electric cooperatives (Co-ops) and city-owned electric utilities (called municipally owned utilities or MOUs) such as Austin Energy can participate, or "opt-in," by a vote of their board or City Council. Once the City Council votes to participate in deregulation, it cannot later withdraw. The City has not "opted-in", but does continue to prepare for that possibility. A key step in preparation for deregulation was to begin moving from issuing combined utility debt (combined electric and water and wastewater) to issuing debt specific to the electric utility. To proceed towards that goal, Austin Energy issued \$247.6 million Electric Utility System revenue refunding bonds and refunded \$281.9 million Combined Utility System revenue bonds during 2002.

During 2002, the Water and Wastewater Utility enhanced security for the water supply and distribution systems. It also launched a program in 2002 to stop sanitary sewer system overflows by the end of 2007. The Utility also began planning for treatment capacity expansions, including a future plant in 2029. The Utility reduced its total debt liability by issuing refunding bonds during the year. In addition, the Utility obtained bondholders' consent to replace a debt reserve fund with a surety bond; this action will result in releasing cash reserves that can be used to defease outstanding bonds.

Status of city services

Since 1997, the City has conducted two surveys: Citizen Satisfaction and Survey of City Priorities. Highlights of the most recent surveys are, as follows:

- 97% of citizens express satisfaction with the services provided by Fire and EMS
- 91% of citizens are satisfied with 911 services
- 85% of citizens are satisfied with the services and programs provided by Parks and Recreation Department
- 87% of citizens are satisfied with the recycling services provided and 81% are satisfied with the garbage pickup
- Based on the most current information, Austin has the lowest infant mortality rate of the major cities in Texas
- 75% of citizens are satisfied with the health care available in Austin for low-income individuals
- Austin has the lowest property tax rate of the five major Texas cities.

OTHER

Internal Controls and Budgetary Control

City management is responsible for establishing, implementing and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework and are believed to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The City employs a computerized financial accounting system that includes a system of internal accounting controls.

The Financial and Administrative Services Department is responsible for providing all centralized City financial services including financial accounting, reporting and budgeting, payroll and accounts payable disbursement functions, cash and investment management, debt management, and purchasing and contract administration. The Director of Financial Services, appointed by the City Manager, supervises the department's operations.

The objective of budgetary controls is to ensure compliance with legal provisions in the annual appropriated budget approved by the City Council. The annual operating budget, or financial plan, is proposed by the City Manager and enacted by the City Council after public discussion. Subsequent intradepartmental budget transfers must be approved by the City Manager. Interdepartmental transfers and any increase or decrease in total appropriations must be approved by the City Council. Management control for the operating budget is maintained at the fund and department level.

Primary responsibility for fiscal analysis of budget to actual expense or revenue and overall program fiscal standing rests with the department operating the program. As demonstrated by the statements and schedules included in the City's 2002 Comprehensive Annual Financial Report, the City continues to meet its responsibility for sound financial management.

Cash Management

The City's investment policy is to minimize credit and market risk while maintaining a competitive portfolio yield. Cash balances of all City funds are invested in consideration of five factors: safety, term, liquidity, market exposure and rate of return. Cash balances of most funds, except the debt service and revenue bond retirement reserve, are pooled for investment purposes. These investments are made in accordance with the Texas Public Funds Investment Act and the City of Austin Investment Policy. During 2002, the City's cash resources were primarily invested in U.S. Treasury and Agency issues. The average yield on pooled investments during the year was 3.3 percent, and the weighted average maturity of the investments was 331 days.

Risk Management

The City maintains three internal service funds to account for its risk of loss associated with torts and employee and workers' compensation benefits. The City continues to be self-insured for liabilities for most health benefits, third-party claims, and workers' compensation. The City purchases commercial insurance for coverage for property loss or damage, commercial crime, fidelity bond and airport operations. In addition, the City purchases a broad range of insurance coverage for contractors working at selected capital improvement project sites. The City does not participate in a risk pool. Liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities for the Employee Benefits Fund are calculated considering recent claim settlement trends; liabilities for the Liability Reserve and Workers' Compensation funds are calculated based on outstanding claims.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its 2001 Comprehensive Annual Financial Report (CAFR). This is the tenth consecutive year that the City has achieved this prestigious award. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2002 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for its review.

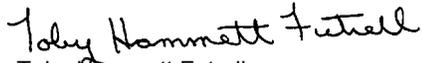
ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of a highly qualified staff. The City of Austin has such a staff in the Controller's Office of the Financial and Administrative Services Department. We would like to express our appreciation to all the staff of the Controller's Office who assisted in and contributed to the preparation of this report.

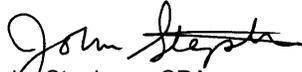
Other departments and offices of the City have also contributed directly or indirectly to the preparation of this report. In particular, the Budget Office of the Financial and Administrative Services Department and the Office of the City Auditor have been instrumental in ensuring that good financial management practices are maintained, and their cooperation and continued assistance is appreciated. We also acknowledge the efforts of the City departments in following good financial management practices and in providing information and assistance during the preparation of the report.

We acknowledge the thorough, professional and timely manner in which our independent auditors, KPMG LLP and R. Mendoza, CPA, conducted the audit.

Finally, we acknowledge the Mayor and Council Members who have consistently supported the City's goal of excellence in all aspects of financial management. Their support is greatly appreciated.



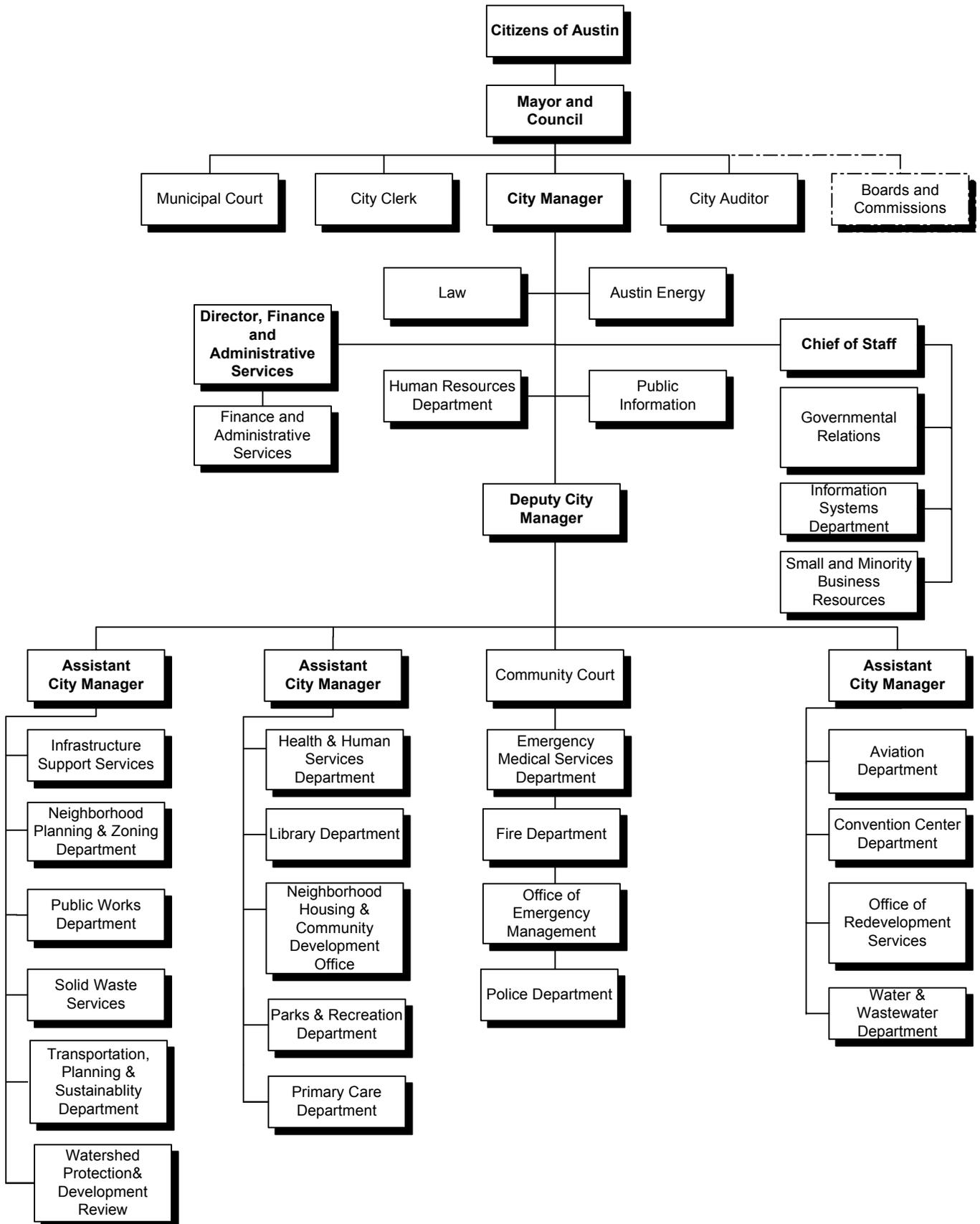
Toby Hammett Futrell
City Manager



John Stephens, CPA
Director, Financial and Administrative Services Department

City of Austin, Texas

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Austin,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Austin, Texas for its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2001.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2002 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.



William Patrick Pate
President

Jeffrey L. Esser
Executive Director



FINANCIAL SECTION



111 Congress Avenue
Suite 1100
Austin, TX 78701



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council,
City of Austin, Texas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Austin, Texas ("City"), as of and for the year ended September 30, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents under "Basic Financial Statements". These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1b, the City has implemented a new financial reporting model, as required by Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of October 1, 2001.

The Management's Discussion and Analysis on pages 3 through 14 and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budget Basis on pages 94 through 95 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introduction, combining and fund financial statements and schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and fund financial statements and schedules, and supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introduction and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

R. Mendoza & Company, P.C.

Austin, Texas
January 31, 2003



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This section of the City of Austin's (the City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

This is the first year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements- and Management's Discussion and Analysis (MD&A) – for State and Local Governments*, as well as the related statements No. 37 and 38 and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. Because the reporting model changes significantly both the recording and presentation of financial data, the City has not restated prior fiscal years for the purpose of providing comparative information for the MD&A. The City will present comparative data in future years.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$3.4 billion (net assets). Of this amount \$865 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$125 million during the fiscal year.

As of September 30, 2002, the City's governmental activities reported combined net asset balances of \$1.2 billion. Approximately 9% of this total amount, or \$107 million, represents unrestricted net assets available for spending at the government's discretion.

At the close of the current fiscal year, unreserved fund balance for the General Fund was \$88 million or 20% of total General Fund expenditures of \$430 million.

The City's total long-term obligations increased \$305 million during the current fiscal year. Governmental debt increased \$231 million and business-type debt increased \$74 million; business-type debt is self-supporting, and does not rely on tax revenues for repayment. The key factors in this increase included issuance of new debt, which was partially offset by payment or refunding of existing debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which consist of three components:

- government-wide financial statements,
- fund financial statements and
- notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statement, including information on individual funds.

a -- Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner comparable to a private-sector business. The two government-wide financial statements are, as follows:

- The **statement of net assets** presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.
- The **statement of activities** presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to future general obligation debt payments. The statement includes the annual depreciation for infrastructure and governmental assets.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government; public safety; transportation, planning and sustainability; public health; public recreation and culture and urban growth management. The business-type activities of the City include electric utility, water and wastewater utility, airport, convention and others.

The government-wide financial statements include the City as well as blended component units, the Austin Housing Finance Corporation (AHFC) and the Austin Industrial Development Corporation (AIDC). The operations of AHFC and AIDC are included within the governmental activities of the government-wide financial statements. AHFC is reported as the Housing Assistance Fund. Although legally separate from the City, these component units are blended with the City because of their governance or financial relationships to the City.

b -- Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: governmental, proprietary and fiduciary funds. Within the governmental and proprietary categories, the emphasis is on the major funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds, which focus on how cash and other financial assets can readily be converted to available resources and on the available balances left at the year-end. This information may be useful in determining what financial resources are available in the near future to finance the City's programs. Other funds are referred to as nonmajor funds and are presented as summary data.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide statements. In addition to the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balance separate statements are provided that reconcile between the government-wide and fund level statements.

The City's General Fund is considered a major fund, and information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances. In addition, the City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects and permanent funds). Data from these governmental funds are combined into a single column labeled nonmajor governmental funds. Individual fund data for the funds are provided in the form of combining statements in the supplementary section of this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the City charges customers—either outside customers or internal units or departments of the City. Proprietary fund statements provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the City's three major funds, Electric, Water and Wastewater and Austin-Bergstrom International Airport (Airport), as well as the nonmajor enterprise funds.
- Internal Service funds are used to report activities that provide supplies and services for many City programs and activities. The City uses internal service funds to account for Capital Projects Management, Employee Benefits, Fleet Maintenance, Information Systems, Liability Reserve, Support Services, Wireless Communication and Workers' Compensation. Because these services benefit governmental operations more than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The nonmajor enterprise funds and the internal service funds are combined into two aggregated presentations in the proprietary fund financial statements. Individual fund data for the funds are provided in the form of combining statements in the supplementary section of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Since the resources of fiduciary funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Comparison of Government-wide and Fund Financial Components. The following chart compares how the City's funds are included in the government-wide and fund financial statements:

Fund Types / Other	Government- wide	Fund Financials
General Fund	Governmental	Governmental
Special revenue funds	Governmental	Governmental - Nonmajor
Debt service funds	Governmental	Governmental - Nonmajor
Capital project funds	Governmental	Governmental - Nonmajor
Permanent funds	Governmental	Governmental - Nonmajor
Internal service funds	Governmental	Proprietary
Assets previously reported in		
General Fixed Asset Group	Governmental	Excluded
Infrastructure assets	Governmental	Excluded
Liabilities previously reported in		
General Long-Term Debt Group	Governmental	Excluded
Electric	Business-type	Proprietary
Water and wastewater	Business-type	Proprietary
Airport	Business-type	Proprietary
Other enterprise funds	Business-type	Proprietary - Nonmajor
Fiduciary funds	Excluded	Fiduciary

Basis of Reporting - The government-wide statements and fund-level proprietary statements are reported using the flow of economic resources measurement focus and on full accrual basis of accounting. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

c -- Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

d -- Other Information

The section Required Supplementary Information (RSI) immediately follows the basic financial statements section of this report. The City adopts an annual appropriated budget for the General Fund. The RSI provides a comparison to budget and demonstrates budgetary compliance. Following the RSI are other statements and schedules, including the combining statements for nonmajor governmental and enterprise funds, internal service funds and fiduciary funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

a -- Net Assets

Combined net assets of the City were, as follows (in thousands):

Net Assets			
September 30, 2002			
(in thousands)			
	Governmental	Business-Type	
	Activities	Activities	Total
Current and other assets	\$ 576,628	2,006,640	2,583,268
Capital assets	1,688,064	4,774,427	6,462,491
Total assets	<u>2,264,692</u>	<u>6,781,067</u>	<u>9,045,759</u>
Other liabilities	185,118	438,202	623,320
Long-term liabilities	832,137	4,186,161	5,018,298
Total liabilities	<u>1,017,255</u>	<u>4,624,363</u>	<u>5,641,618</u>
Net assets:			
Invested in capital assets, net of related debt	1,111,491	1,196,098	2,307,589
Restricted	28,492	202,651	231,143
Unrestricted	107,454	757,955	865,409
Total net assets	<u>\$ 1,247,437</u>	<u>2,156,704</u>	<u>3,404,141</u>

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$3.4 billion at the close of the current fiscal year. However, the largest portion of the City's net assets are restricted as to use or are invested in capital assets (e.g. land, building, and equipment - 68%), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the City's net assets, \$231 million (7%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$865 million (25%), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole, as well as for the business-type activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

b -- Changes in Net Assets

Total net assets of the City increased by \$124.5 million in the current year. Governmental net assets increased \$42.5 million, which is attributable primarily to taxes and transfers from business-type activities. The business-type net assets increased by \$82 million, with revenues and transfers exceeding expenses; revenues are produced primarily by the sale of electric utility services.

**Changes in Net Assets
September 30, 2002
(in thousands)**

	Governmental Activities	Business- Type Activities	Total
Program revenues:			
Charges for services	\$ 84,349	1,174,755	1,259,104
Operating grants and contributions	53,374	--	53,374
Capital grants and contributions	1,203	43,537	44,740
General revenues:			
Property tax	224,396	--	224,396
Sales tax	115,441	--	115,441
Franchise fees and gross receipts tax	62,576	--	62,576
Grants and contributions not restricted specific programs	19,137	--	19,137
Interest and other	23,746	58,180	81,926
Total revenues	584,222	1,276,472	1,860,694
Program expenses:			
General government	75,941	--	75,941
Public safety	279,533	--	279,533
Transportation, planning and sustainability	15,694	--	15,694
Public health	75,033	--	75,033
Public recreation and culture	71,863	--	71,863
Urban growth management	54,287	--	54,287
Unallocated depreciation expense - infrastructure	34,074	--	34,074
Interest on debt	35,771	--	35,771
Electric	--	610,374	610,374
Water and Wastewater	--	251,171	251,171
Airport	--	76,546	76,546
Convention	--	36,344	36,344
Other	--	115,518	115,518
Total expenses	642,196	1,089,953	1,732,149
Excess before special items and transfers	(57,974)	186,519	128,545
Special items - purchased land lease rights	(4,000)	--	(4,000)
Transfers	104,519	(104,519)	--
Increase in net assets	42,545	82,000	124,545
Net assets, October 1	1,204,892	2,074,704	3,279,596
Net assets, September 30	\$ 1,247,437	2,156,704	3,404,141

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

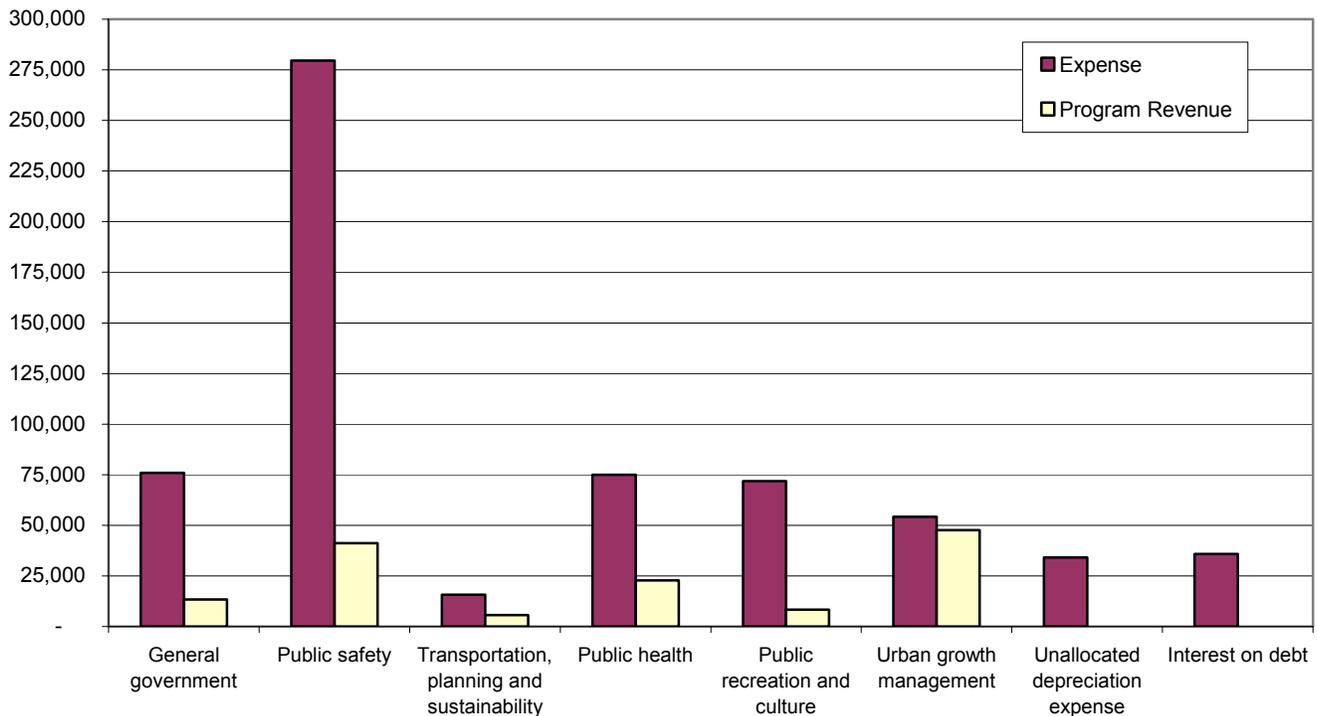
c -- Program Revenues and Expenses-- Governmental Activities

Governmental activities increased the City's net assets by \$42.5 million, thereby accounting for 34% of growth in the net assets of the City. Key factors of this increase are as follows:

- The City's property tax revenue increased by \$25.6 million, primarily as a result of increasing assessed value; the City's tax rate was reduced \$.0066 per \$100 assessed value.
- Sales and other taxes decreased during the year, with sales tax decreasing more than 6%.
- Transfers in from enterprise funds increased from the prior year.
- The most significant increase in expenses was in the public safety area, with costs related to post-September 11 activities and implementation of police pay and benefit changes.

The chart below illustrates the City's governmental expense and revenues by function: general government; public safety; transportation, planning and sustainability; public health; public recreation and culture; urban growth management; unallocated depreciation expense and interest on debt.

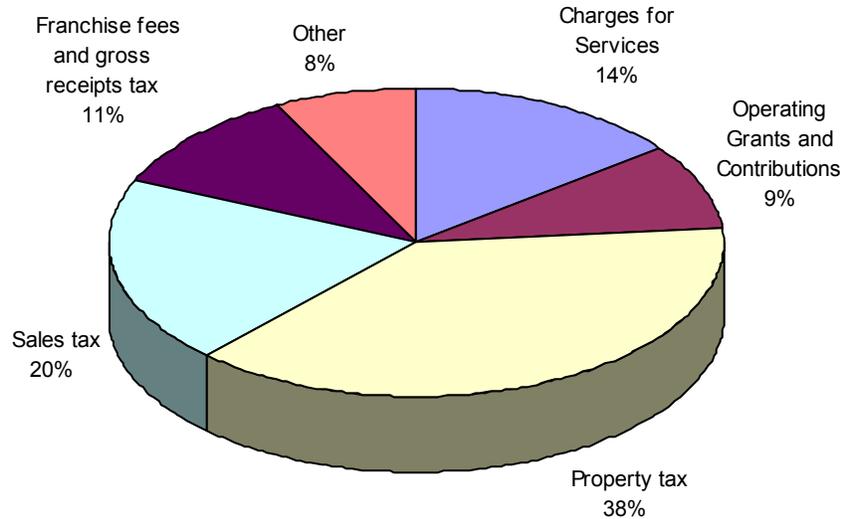
Government-wide Program Expenses and Revenues – Governmental Activities
(in thousands)



FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

General revenues such as property taxes, sales taxes and franchise fees are not shown by program, but are used to support program activities citywide. For governmental activities, without regard to program, property taxes are the largest source of revenue, followed by sales taxes and charges for services.

Government-wide Revenues by Source -- Governmental Activities



d – Program Revenues and Expenses -- Business-type activities

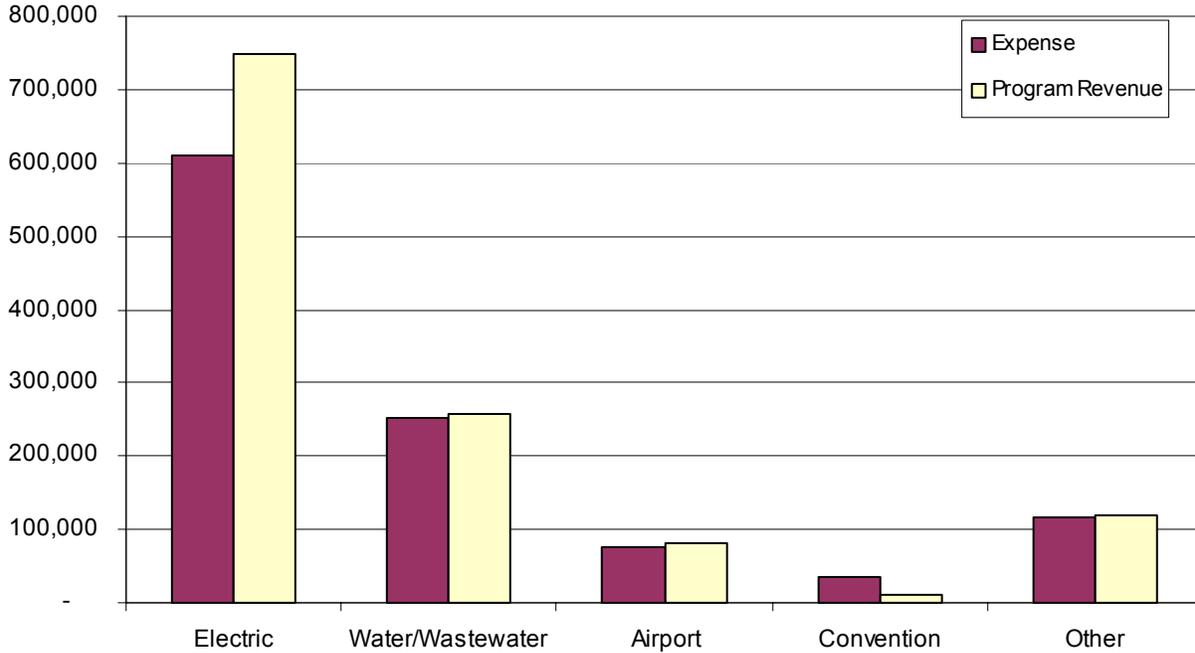
Business-type activities increased the City's net assets by \$82 million, accounting for 66% of the total growth in the City's net assets. Net program expenses and revenues are, as follows:

- Electric net assets increased \$138 million, primarily from charges for services. Both revenues and expenses decreased from the prior year.
- Water and Wastewater net assets increased \$8 million, due primarily to cost containment actions by the utility.
- Airport net assets increased \$5 million, a result of cost-containment measures put in place following September 11.
- Convention net assets decreased \$26 million, due primarily to reduced interest income and hotel tax transfers.

As shown in the following chart, the Electric utility, with operating expenses of \$610 million, is the City's largest business-type activity, followed by the Water and Wastewater utility (\$251 million), the Airport (\$77 million) and Convention Center (\$36 million). For the fiscal year, operating revenues exceeded operating expenses for all business-type activities, except these nonmajor funds: Parks and Recreation activities such as recreation and tennis, Primary Care and Solid Waste Services.

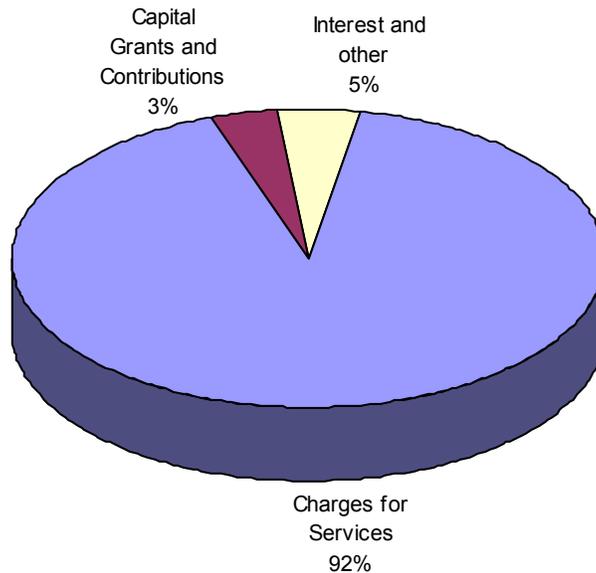
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

Government-wide Expenses and Program Revenues -- Business-type Activities
 (Excludes General Revenues and Transfers)
 (in thousands)



For all business-type activities, charges for services provide the largest percentage of revenues (92%), followed by interest and other revenues (5%) and capital grants and contributions (3%).

Government-wide Revenue by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

In comparison to the government-wide statements, the fund-level statements focus on the key funds of the City. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

a -- Governmental funds

The City reports the following types governmental funds: the General Fund, special revenue funds, debt service funds, capital project funds and permanent funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$88 million, while total fund balance was \$94 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 20% of total General Fund expenditures of \$430 million, and total fund balance represents 22% of expenditures. Fund balance amounts may also be designated by City Council for specified uses for the future; the unreserved and undesignated fund balance is \$36 million.

The General Fund fund balance increased by \$43 million during the fiscal year; undesignated fund balance increased by \$12 million. Key factors in this increase were, as follows:

- \$2 million increase in revenues, with the primary increase in property taxes
- \$51 million increase in transfers in, with the primary increase from nonmajor enterprise funds.
- \$34 million increase in expenditures, primarily in public safety.
- \$21 million decrease in transfers out, with decreases primarily for Special Revenue and Capital Project funds.

Fund balance of the special revenue funds decreased \$6 million in FY 2002, with the most significant impacts in the following funds (in millions): transferred Federally Qualified Health Center to the enterprise funds (\$2); reduced tourism-related revenues or transfers of tourism-related revenues: PARD Cultural Projects (\$1), Tourism and Promotion (\$.5) and Vehicle Rental Tax (\$1); and transfer from Environmental Remediation to capital projects (\$2).

The capital projects fund balances increased \$123 million due to the issuance of tax supported debt, with the most significant increases in fund balances in the following funds (in millions): Cultural arts and land (\$21), Traffic signals (\$47), CMTA Mobility (\$19) and City hall, plaza, parking garage (\$25).

b -- Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- Total Electric Fund net assets increased \$105 million. Operating revenue for 2002 was \$745 million, a decrease of approximately 8% from the prior year. This decrease was primarily due to reduced fuel costs, which are recovered as a component of the electric rate, and reduced demand due to moderate weather conditions. Operating expense before depreciation for 2002 was \$401 million, a decrease of approximately 12% from the prior year. This decrease was primarily due to reduced fuel costs.
- Total Water and Wastewater Fund net assets decreased approximately \$8 million. Operating revenue for 2002 was \$230 million, an increase of approximately 4% from the prior year. Sales were less than projected due to economic conditions and wetter than normal weather conditions throughout the year. City Council approved a 7% and 4.5% rate increase for water and wastewater services, respectively, effective in November 2001 to meet increased annual revenue requirements for operations and maintenance and the Utility's capital improvements program. Operating expense before depreciation for 2002 was \$112 million, an increase of approximately 10% over the prior year. The increase in expenses was due in part from unplanned security costs, a flood, and water transmission breaks and the related operating expenses. The utility implemented cost containment strategies to reduce other operating costs during 2002.

Interest revenues were \$9.6 million, a decrease of approximately 29% from prior year due to lower interest rates. The City issues revenue bonds for the construction of certain additions, improvements, and extensions of the City's water and wastewater delivery systems. The debt service requirements were reduced through a bond refunding and lower commercial paper interest costs due to reduced commercial paper issuances resulting from lower than planned spending for capital projects.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS, continued

- The Airport Fund net assets increased over \$8 million in 2002. Operating revenues were \$64 million, a decrease from the prior year, as airline traffic across the nation declined in the aftermath of September 11. Airport management took action to reduce operating expenses immediately, resulting in a decrease in expenses of approximately \$2 million. The fund also incurred costs for new airport security requirements and the Airport management met the Federal mandate to staff security checkpoints with Federal employees. Nonoperating revenues and expenses and capital contributions resulted in the remaining increase in net assets.

OTHER INFORMATION

a -- General Fund budgetary highlights

The final amended budget for General Fund was \$283 thousand more than the original budget. Changes in the budget include the following:

- \$3 million net increase in revenues, with a \$3 million decrease in sales tax budget and a \$6 million increase in other revenues.
- \$2 million increase in transfers in, primarily for homeland security for utility funds.
- \$4 million increase in public safety expenses, funded by General Fund and by Electric and Water and Wastewater utility funds
- \$1 million increase in transfers out

During the year, revenues were \$8 million less than budgeted. Cost containment steps were put into place to reduce expenditures, thus setting aside resources for 2003. The expenditure budget was not formally amended to reflect the cost containment actions.

Costs on the City's basis of budgeting resulted in \$380 million in charges to appropriations, as follows:

- Public safety costs of \$239 million
- Public health costs of \$54 million
- Public recreation and culture costs of \$47 million
- Costs of general government; transportation, planning and sustainability; urban growth management and general city responsibilities of \$40 million

Programs with significant savings included public safety; transportation, planning and sustainability; public health; and public recreation and culture.

b -- Capital Assets

The City's capital assets for governmental and business-type activities as of September 30, 2002, amount to \$6.5 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, vehicles, infrastructure, assets not classified, construction work in progress, nuclear fuel and plant held for future use. The total increase in the City's capital assets for the current fiscal year was \$319 million (5 percent), with an increase of almost 6 percent for governmental activities and an increase of almost 5 percent for business-type activities. Capital asset balances are, as follows:

Capital Assets, Net of Accumulated Depreciation			
September 30, 2002			
(in millions)			
	Governmental	Business-Type	
	Activities	Activities	Total
Land and improvements	\$ 151	267	418
Other assets not depreciated	17	1	18
Building and improvements	189	1,984	2,173
Equipment	17	1,571	1,588
Vehicles	34	36	70
Infrastructure	867	-	867
Completed assets not classified	190	555	745
Construction work in progress	223	311	534
Nuclear fuel, net of amortization	-	18	18
Plant held for future use	-	31	31
Total net assets	\$ 1,688	4,774	6,462

OTHER INFORMATION, continued

Major capital asset events during the current fiscal year included the following:

- Governmental capital assets increased \$95 million, with construction continuing on public safety facilities, a new City Hall and cultural and recreational facilities; included were increases in infrastructure assets of \$32 million for annexations and developer dedications at estimated fair market value.
- Business-type activities purchased or completed construction on capital assets of \$224 million, with Electric and Water and Wastewater funds continuing expansion or improvements to existing facilities. The Convention Center, a nonmajor fund, opened facilities during the year (\$101 million).

Additional information on capital assets can be found in Note 7.

c -- Debt Administration

At the end of the current fiscal year, the City reported \$4.5 billion in outstanding debt. Of this amount, \$795 million is general obligation debt backed by the full faith and credit of the City; \$3.7 billion is revenue bonds, commercial paper, and other bonded debt. In addition, the City reported other long-term obligations of \$0.8 billion. Additional information can be found in Note 10.

Outstanding Debt
General Obligation and Revenue Debt
(in millions)

	Governmental Activities	Business- Type Activities	Total
General obligation bonds and other tax supported debt, net	\$ 795	85	880
Revenue bonds, net	-	3,196	3,196
Commercial paper notes, net	-	358	358
Revenue notes	-	28	28
Capital lease obligations	-	17	17
Total	<u>\$ 795</u>	<u>3,684</u>	<u>4,479</u>

During fiscal year 2002, the City's total long-term obligations increased by \$305 million. The City issued new debt and refinanced some existing debt to take advantage of lower interest rates or changes in bond covenants. Issues include the following:

- Bonded debt for governmental functions increased \$221 million, and will be used primarily for the following: public safety equipment and facilities; parks and library facilities; a new City Hall; street improvements, right of way acquisition and utility relocation; communication equipment; asbestos abatement; and refunding bonds of \$14.7 million. Other obligations increased \$10 million.
- Bonded debt for business-type functions increased \$31 million, and will be used primarily for refunding utility bonds, utility relocation, convention center improvements, solid waste equipment and facilities improvements. During the year, the City continued efforts to separate debt for Electric and Water and Wastewater activities. In 2002, the City issued Electric refunding and Water and Wastewater refunding bonds to refund outstanding combined utility bonds. Other business-type obligations increased \$43 million.

OTHER INFORMATION, continued

The City continues to maintain excellent credit ratings on debt issues, with ratings remaining unchanged during the year. The following are ratings at September 20, 2002 of the City's obligations for various debt instruments, as follows:

Debt	Moody's Investors Service, Inc	Standard and Poor's	Fitch, Inc.
General obligation bonds and other tax supported debt	Aa2	AA+	AA+
Revenue bonds - prior lien	A2	A	A+
Revenue bonds - subordinate lien	A2	A-	A+
Commercial paper notes	P-1	A-1	F1+
Commercial paper notes - taxable	P-1	A-1+	F1+

d -- Economic Factors and Next Year's Budget and Rates

The City's elected officials and management considered many factors when setting the fiscal year 2003 budget. With the events of September 11, the City's public safety costs increased and tourism-related revenues declined, and generally mild weather conditions reduced utility revenues. In addition, the technology slump has hit the City especially hard. The City is experiencing higher unemployment rates than in recent years.

In mid-2002, the City began a savings plan to build reserves for 2003. The City implemented aggressive cost containment saving measures, with City departments identifying one-time or on-going cost savings. City management reduced costs through implementation of process improvements for greater efficiencies. Examples of cost containment actions included restricting travel, reducing consultant costs, reducing costs of temporary personnel and overtime, and holding vacant positions open.

As part of the 2003 budget, the City maintained basic City services, retained the same tax rate, held utility rates unchanged and reduced the number of employee positions by cutting more than 300 vacant positions. In early 2003, City management provided information to the City Council to begin planning for the 2004 budget, which must address lower sales and property tax revenues.

e -- Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Services Department of the City of Austin, P.O. Box 1088, Austin, Texas 78767, or 512-974-3344 or on the web at <http://www.ci.austin.tx.us/finance/>.



BASIC FINANCIAL STATEMENTS



Statement of Net Assets
September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit A-1

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>2002</u> <u>Total (†)</u>
ASSETS			
Current assets:			
Cash	\$ 112	51	163
Pooled investments and cash	463,777	143,156	606,933
Pooled investments and cash - designated	--	96,481	96,481
Total pooled investments and cash	463,777	239,637	703,414
Investments, at fair value - designated	16,794	169,068	185,862
Cash held by trustee	402	--	402
Working capital advances	--	3,833	3,833
Property taxes receivable	10,075	--	10,075
Less allowance for uncollectible taxes	(1,716)	--	(1,716)
Net property taxes receivable	8,359	--	8,359
Accounts and other taxes receivable	143,400	128,348	271,748
Less allowance for doubtful accounts	(79,876)	(8,108)	(87,984)
Net accounts receivable	63,524	120,240	183,764
Receivables from other governments	11,343	743	12,086
Notes receivable, net of allowance	7,225	--	7,225
Internal balances	(6,579)	2,584	--
Inventories, at cost	2,982	50,190	53,172
Real property held for resale	5,717	--	5,717
Prepaid expenses and other expenses	2,095	6,889	8,984
Total current assets	575,751	593,235	1,172,981
Restricted assets			
Pooled investments and cash	--	266,268	266,268
Investments, at fair value	--	248,840	248,840
Cash held by trustee	--	13,338	13,338
Investments held by trustee	--	77,539	77,539
Interest receivable	--	3,729	3,729
Receivable from other governments	--	1,684	1,684
Internal balances	--	3,995	--
Other receivables	--	800	800
Total restricted assets	--	616,193	612,198
Noncurrent assets:			
Noncurrent investments	--	65,000	65,000
Capital assets			
Land and other nondepreciable assets	168,470	267,836	436,306
Property, plant and equipment in service	1,802,722	6,143,458	7,946,180
Less accumulated depreciation	(506,583)	(1,997,224)	(2,503,807)
Net property, plant and equipment in service	1,296,139	4,146,234	5,442,373
Construction in progress	223,455	310,876	534,331
Nuclear fuel (net of amortization)	--	18,102	18,102
Plant held for future use	--	31,379	31,379
Total capital assets	1,688,064	4,774,427	6,462,491
Intangible assets, net of amortization	--	92,602	92,602
Other long-term assets	--	5,350	5,350
Deferred costs and expenses, net of amortization	877	634,260	635,137
Total noncurrent assets	1,688,941	5,571,639	7,260,580
Total assets	\$ 2,264,692	6,781,067	9,045,759

(Continued)

(†) After internal receivables and payables have been eliminated.

The accompanying notes are an integral part of the financial statements.

Statement of Net Assets
September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit A-1
(Continued)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>2002</u> <u>Total (†)</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 36,366	52,415	88,781
Accrued payroll	8,689	5,320	14,009
Accrued compensated absences	4,762	12,416	17,178
Claims payable	23,529	--	23,529
Interest payable on other debt	4,244	2,166	6,410
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	45,467	3,142	48,609
Revenue bonds payable	--	2,355	2,355
Capital lease obligations payable	--	2,433	2,433
Tax anticipation notes payable	4,800	--	4,800
Deferred credits and other liabilities	57,261	25,292	82,553
Total current liabilities	<u>185,118</u>	<u>105,539</u>	<u>290,657</u>
Liabilities payable from restricted assets:			
Accounts and retainage payable	--	43,098	43,098
Accrued interest payable	--	63,834	63,834
Current portion of general obligation bonds payable	--	5,348	5,348
Current portion of revenue bonds payable	--	95,711	95,711
Customer and escrow deposits	--	7,076	7,076
Decommissioning expense payable	--	81,727	81,727
Nuclear fuel expense payable	--	33,234	33,234
Other liabilities	--	2,635	2,635
Total liabilities payable from restricted assets	<u>--</u>	<u>332,663</u>	<u>332,663</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	59,438	8,763	68,201
Claims payable	9,852	--	9,852
Capital appreciation bond interest payable	--	141,390	141,390
Commercial paper notes payable, net of discount	--	358,351	358,351
Revenue notes payable	--	28,000	28,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	749,560	76,507	826,067
Revenue bonds payable, net of discount and inclusive of premium	--	3,098,022	3,098,022
Capital lease obligations payable	--	14,204	14,204
Accrued landfill closure and postclosure costs	--	7,188	7,188
Deferred credits and other liabilities	13,287	453,736	467,023
Total noncurrent liabilities	<u>832,137</u>	<u>4,186,161</u>	<u>5,018,298</u>
Total liabilities	<u>1,017,255</u>	<u>4,624,363</u>	<u>5,641,618</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,111,491	1,196,098	2,307,589
Restricted for:			
Debt service	12,302	75,314	87,616
Bond reserve	--	18,687	18,687
Capital projects	14,678	88,508	103,186
Renewal and replacement	--	10,978	10,978
Passenger facility charges	--	9,164	9,164
Perpetual Care:			
Expendable	284	--	284
Nonexpendable	1,040	--	1,040
Other purposes	188	--	188
Unrestricted	107,454	757,955	865,409
Total net assets	<u>\$ 1,247,437</u>	<u>2,156,704</u>	<u>3,404,141</u>

(†) After internal receivables and payables have been eliminated.

The accompanying notes are an integral part of the financial statements.

Statement of Activities
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit A-2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2002 Total
Governmental activities							
General government	\$ 75,941	12,964	322	--	(62,655)	--	(62,655)
Public safety	279,533	36,226	5,001	--	(238,306)	--	(238,306)
Transportation, planning and sustainability	15,694	4,948	82	619	(10,045)	--	(10,045)
Public health	75,033	6,969	15,691	202	(52,171)	--	(52,171)
Public recreation and culture	71,863	2,499	5,439	345	(63,580)	--	(63,580)
Urban growth management	54,287	20,743	26,839	37	(6,668)	--	(6,668)
Unallocated depreciation expense	34,074	--	--	--	(34,074)	--	(34,074)
Interest on debt	35,771	--	--	--	(35,771)	--	(35,771)
Total governmental activities	642,196	84,349	53,374	1,203	(503,270)	--	(503,270)
Business-type activities							
Electric	610,374	745,095	--	3,736	--	138,457	138,457
Water and Wastewater	251,171	229,534	--	27,413	--	5,776	5,776
Airport	76,546	72,777	--	8,905	--	5,136	5,136
Convention	36,344	10,376	--	--	--	(25,968)	(25,968)
Other	115,518	116,973	--	3,483	--	4,938	4,938
Total business-type activities	1,089,953	1,174,755	--	43,537	--	128,339	128,339
Total	\$ 1,732,149	1,259,104	53,374	44,740	(503,270)	128,339	(374,931)
General revenues:							
Property tax					224,396	--	224,396
Sales tax					115,441	--	115,441
Franchise fees and gross receipts tax					62,576	--	62,576
Grants and contributions not restricted to specific programs					19,137	--	19,137
Interest and other					23,746	58,180	81,926
Special items - purchased land lease rights					(4,000)	--	(4,000)
Transfers					104,519	(104,519)	--
Total general revenues and transfers					545,815	(46,339)	499,476
Change in net assets					42,545	82,000	124,545
Beginning net assets					1,204,892	2,074,704	3,279,596
Ending net assets					\$ 1,247,437	2,156,704	3,404,141

The accompanying notes are an integral part of the financial statements.



**Governmental Funds
Balance Sheet
September 30, 2002
(In thousands)**

**City of Austin, Texas
Exhibit B-1**

	2002		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 89	5	94
Pooled investments and cash	88,956	302,240	391,196
Investments, at fair value	--	16,794	16,794
Property taxes receivable	6,107	3,968	10,075
Less allowance for uncollectible taxes	(1,038)	(678)	(1,716)
Net property taxes receivable	5,069	3,290	8,359
Accounts and other taxes receivable	72,323	16,261	88,584
Less allowance for doubtful accounts	(43,477)	(388)	(43,865)
Net accounts receivable	28,846	15,873	44,719
Receivables from other governments	--	11,343	11,343
Notes receivable, net of allowance	--	7,225	7,225
Due from other funds	--	12,944	12,944
Advances to other funds	--	2,479	2,479
Inventories, at cost	881	--	881
Real property held for resale	--	5,717	5,717
Prepaid expenses and other assets	220	1,637	1,857
Total assets	124,061	379,547	503,608
LIABILITIES AND FUND BALANCES			
Accounts payable	4,721	26,492	31,213
Accrued payroll	6,771	41	6,812
Accrued compensated absences	605	6	611
Due to other funds	724	13,366	14,090
Deferred revenue	4,988	6,685	11,673
Advances from other funds	2,918	135	3,053
Tax anticipation notes payable	4,800	--	4,800
Deposits and other liabilities	4,916	43,035	47,951
Total liabilities	30,443	89,760	120,203
Fund balances			
Reserved:			
Encumbrances	4,951	87,508	92,459
Inventories and prepaid items	1,101	--	1,101
Notes receivable	--	7,225	7,225
Real property held for resale	--	5,717	5,717
Debt service	--	16,451	16,451
Permanent funds	--	1,040	1,040
Unreserved, designated:			
Emergencies	15,000	--	15,000
Contingencies	2,948	--	2,948
Future use	540	23,686	24,226
Public Health	33,000	--	33,000
Unreserved, undesignated:			
General Fund	36,078	--	36,078
Capital projects	--	147,876	147,876
Permanent funds	--	284	284
Total fund balances	93,618	289,787	383,405
Total liabilities and fund balances	\$ 124,061	379,547	503,608

The accompanying notes are an integral part of the financial statements.

Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit B-1.1

Total fund balances - Governmental funds	\$ 383,405
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,656,236
Other long-term assets are not available as current-period resources and are not reported in the funds.	27,923
Internal service funds are used by management to charge the costs of fleet maintenance, support services, information systems, employee benefits, liability reserve, workers compensation, radio communication, infrastructure support services and capital project management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	37,848
Long-term liabilities are not payable in the current period and are not reported in the funds.	(857,975)
Total net assets - Governmental activities	<u><u>\$ 1,247,437</u></u>

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit B-2

	2002		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 143,056	72,782	215,838
Sales taxes	115,441	--	115,441
Franchise fees and other taxes	33,282	29,153	62,435
Fines, forfeitures and penalties	17,704	3,986	21,690
Licenses, permits and inspections	14,670	--	14,670
Charges for services/goods	15,579	25,220	40,799
Intergovernmental	--	62,141	62,141
Property owners' participation and contributions	--	13,214	13,214
Interest and other	6,028	19,373	25,401
Total revenues	<u>345,760</u>	<u>225,869</u>	<u>571,629</u>
EXPENDITURES			
Current:			
General government	54,397	1,044	55,441
Public safety	250,081	13,177	263,258
Transportation, planning and sustainability	10,342	3,476	13,818
Public health	54,525	20,528	75,053
Public recreation and culture	49,216	10,439	59,655
Urban growth management	11,676	45,844	57,520
Debt service:			
Principal	--	44,382	44,382
Interest	--	36,566	36,566
Fees and commissions	--	7	7
Capital outlay	--	174,239	174,239
Total expenditures	<u>430,237</u>	<u>349,702</u>	<u>779,939</u>
Excess (deficiency) of revenues over expenditures	(84,477)	(123,833)	(208,310)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	--	254,505	254,505
Issuance of refunding bonds	--	14,685	14,685
Payment to escrow agent	--	(14,685)	(14,685)
Transfers in	137,084	39,794	176,878
Transfers out	(9,424)	(58,040)	(67,464)
Total other financing sources (uses)	<u>127,660</u>	<u>236,259</u>	<u>363,919</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	43,183	112,426	155,609
Special items - purchased land lease rights	--	(4,000)	(4,000)
Net change in fund balances	43,183	108,426	151,609
Fund balances at beginning of year	50,435	181,361	231,796
Fund balances at end of year	<u>\$ 93,618</u>	<u>289,787</u>	<u>383,405</u>

The accompanying notes are an integral part of the financial statements.

Governmental Funds
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2002
(In thousands)

City of Austin, Texas
 Exhibit B-2.1

Net change in fund balances - Governmental funds	\$ 151,609
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	98,531
Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.	28,160
Revenues in the governmental funds are recognized when measurable and available, but are deferred in the statement of activities until earned, regardless of when collected.	(14,011)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(216,864)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	2,623
The net revenue of certain activities of internal service funds is reported with governmental activities.	(7,503)
Change in net assets - Governmental activities	<u>\$ 42,545</u>

Proprietary Funds
Statement of Net Assets
September 30, 2002
(In thousands)

	Electric	Water and Wastewater	Airport
ASSETS			
Current assets:			
Cash	\$ 18	12	6
Pooled investments and cash	96,041	16,154	6,605
Pooled investments and cash - designated	38,546	37,856	--
Total pooled investments and cash	<u>134,587</u>	<u>54,010</u>	<u>6,605</u>
Investments, at fair value - designated	158,660	10,408	--
Cash held by trustee	--	--	--
Working capital advances	3,709	--	--
Accounts receivable	88,648	23,052	1,459
Less allowance for doubtful accounts	(3,217)	(995)	(150)
Net accounts receivable	<u>85,431</u>	<u>22,057</u>	<u>1,309</u>
Receivables from other governments	--	--	--
Due from other funds	--	--	--
Inventories, at cost	48,812	833	--
Prepaid expenses and other assets	6,621	115	1
Total current assets	<u>437,838</u>	<u>87,435</u>	<u>7,921</u>
Restricted assets			
Pooled investments and cash	59,147	55,735	83,135
Investments, at fair value	130,668	79,563	25,709
Cash held by trustee	7,722	5,616	--
Investments held by trustee	77,539	--	--
Interest receivable	2,767	695	--
Receivable from other governments	210	--	1,474
Due from other funds	--	27	700
Advances to other funds	--	215	3,029
Other receivables	273	527	--
Total restricted assets	<u>278,326</u>	<u>142,378</u>	<u>114,047</u>
Noncurrent assets:			
Noncurrent investments	65,000	--	--
Capital assets			
Land and other nondepreciable assets	32,877	135,325	59,095
Property, plant and equipment in service	2,988,488	2,104,864	615,577
Less accumulated depreciation	(1,203,986)	(616,552)	(72,379)
Net property, plant and equipment in service	<u>1,784,502</u>	<u>1,488,312</u>	<u>543,198</u>
Construction in progress	160,485	104,100	7,802
Nuclear fuel (net of amortization)	18,102	--	--
Plant held for future use	31,379	--	--
Total capital assets	<u>2,027,345</u>	<u>1,727,737</u>	<u>610,095</u>
Intangible assets, net of amortization	--	92,602	--
Other long-term assets	3,961	1,389	--
Deferred costs and expenses, net of amortization	361,735	251,776	2,191
Total noncurrent assets	<u>2,458,041</u>	<u>2,073,504</u>	<u>612,286</u>
Total assets	<u>\$ 3,174,205</u>	<u>2,303,317</u>	<u>734,254</u>

The accompanying notes are an integral part of the financial statements.

	<u>Nonmajor Enterprise Funds</u>	<u>2002 Total</u>	<u>Governmental Activities- Internal Service Funds</u>
ASSETS			
Current assets:			
Cash	15	51	18
Pooled investments and cash	24,356	143,156	72,581
Pooled investments and cash - designated	20,079	96,481	--
Total pooled investments and cash	<u>44,435</u>	<u>239,637</u>	<u>72,581</u>
Investments, at fair value - designated	--	169,068	--
Cash held by trustee	--	--	402
Working capital advances	124	3,833	--
Accounts receivable	15,189	128,348	742
Less allowance for doubtful accounts	<u>(3,746)</u>	<u>(8,108)</u>	<u>(222)</u>
Net accounts receivable	11,443	120,240	520
Receivables from other governments	743	743	--
Due from other funds	1,689	1,689	--
Inventories, at cost	545	50,190	2,101
Prepaid expenses and other assets	152	6,889	238
Total current assets	<u>59,146</u>	<u>592,340</u>	<u>75,860</u>
Restricted assets			
Pooled investments and cash	68,251	266,268	--
Investments, at fair value	12,900	248,840	--
Cash held by trustee	--	13,338	--
Investments held by trustee	--	77,539	--
Interest receivable	267	3,729	--
Receivable from other governments	--	1,684	--
Due from other funds	--	727	--
Advances to other funds	24	3,268	--
Other receivables	--	800	--
Total restricted assets	<u>81,442</u>	<u>616,193</u>	<u>--</u>
Noncurrent assets:			
Noncurrent investments	--	65,000	--
Capital assets			
Land and other nondepreciable assets	40,539	267,836	486
Property, plant and equipment in service	434,529	6,143,458	54,807
Less accumulated depreciation	<u>(104,307)</u>	<u>(1,997,224)</u>	<u>(23,465)</u>
Net property, plant and equipment in service	330,222	4,146,234	31,342
Construction in progress	38,489	310,876	--
Nuclear fuel (net of amortization)	--	18,102	--
Plant held for future use	--	31,379	--
Total capital assets	<u>409,250</u>	<u>4,774,427</u>	<u>31,828</u>
Intangible assets, net of amortization	--	92,602	--
Other long-term assets	--	5,350	--
Deferred costs and expenses, net of amortization	18,558	634,260	7
Total noncurrent assets	<u>427,808</u>	<u>5,571,639</u>	<u>31,835</u>
Total assets	<u>568,396</u>	<u>6,780,172</u>	<u>107,695</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

Proprietary Funds
Statement of Net Assets
September 30, 2002
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 40,056	2,251	4,995
Accrued payroll	2,209	1,221	392
Accrued compensated absences	5,447	2,983	794
Claims payable	--	--	--
Due to other funds	--	--	--
Interest payable on other debt	641	1,308	7
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	135
Revenue bonds payable	--	2,355	--
Capital lease obligations payable	1,533	900	--
Deferred credits and other liabilities	22,534	1,906	288
Total current liabilities	<u>72,420</u>	<u>12,924</u>	<u>6,611</u>
Liabilities payable from restricted assets:			
Accounts and retainage payable	19,671	16,199	1,697
Accrued interest payable	29,315	20,880	8,514
Current portion of general obligation bonds payable	363	4,615	--
Current portion of revenue bonds payable	67,081	19,745	5,630
Customer and escrow deposits	3,892	1,313	420
Decommissioning expense payable	81,727	--	--
Nuclear fuel expense payable	33,234	--	--
Other liabilities	1,616	246	773
Total liabilities payable from restricted assets	<u>236,899</u>	<u>62,998</u>	<u>17,034</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	4,489	1,982	452
Claims payable	--	--	--
Advances from other funds	--	1,733	--
Capital appreciation bond interest payable	80,583	60,807	--
Commercial paper notes payable, net of discount	200,509	157,842	--
Revenue notes payable	--	--	28,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	2,367	27,055	725
Revenue bonds payable, net of discount and inclusive of premium	1,345,895	1,161,974	356,710
Capital lease obligations payable	8,504	5,700	--
Accrued landfill closure and postclosure costs	--	--	--
Deferred credits and other liabilities	62,477	387,637	3,618
Total noncurrent liabilities	<u>1,704,824</u>	<u>1,804,730</u>	<u>389,505</u>
Total liabilities	<u>2,014,143</u>	<u>1,880,652</u>	<u>413,150</u>
NET ASSETS			
Invested in capital assets, net of related debt	612,186	203,249	221,482
Restricted for:			
Debt service	40,862	14,979	19,435
Bond reserve	5,632	13,055	--
Capital projects	--	--	53,116
Renewal and replacement	--	--	10,000
Passenger facility charges	--	--	9,164
Unrestricted	501,382	191,382	7,907
Total net assets	<u>\$ 1,160,062</u>	<u>422,665</u>	<u>321,104</u>
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	1,597	1,461	454
Total net assets - Business-type activities	<u>\$ 1,161,659</u>	<u>424,126</u>	<u>321,558</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

	<u>Nonmajor Enterprise Funds</u>	<u>2002 Total</u>	<u>Governmental Activities- Internal Service Funds</u>
LIABILITIES			
Current liabilities:			
Accounts payable	5,113	52,415	5,153
Accrued payroll	1,498	5,320	1,877
Accrued compensated absences	3,192	12,416	4,151
Claims payable	--	--	23,529
Due to other funds	1,243	1,243	27
Interest payable on other debt	210	2,166	95
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	3,007	3,142	1,482
Revenue bonds payable	--	2,355	--
Capital lease obligations payable	--	2,433	--
Deferred credits and other liabilities	564	25,292	1,057
Total current liabilities	<u>14,827</u>	<u>106,782</u>	<u>37,371</u>
Liabilities payable from restricted assets:			
Accounts and retainage payable	5,531	43,098	--
Accrued interest payable	5,125	63,834	--
Current portion of general obligation bonds payable	370	5,348	--
Current portion of revenue bonds payable	3,255	95,711	--
Customer and escrow deposits	1,451	7,076	--
Decommissioning expense payable	--	81,727	--
Nuclear fuel expense payable	--	33,234	--
Other liabilities	--	2,635	--
Total liabilities payable from restricted assets	<u>15,732</u>	<u>332,663</u>	<u>--</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	1,840	8,763	2,727
Claims payable	--	--	9,852
Advances from other funds	639	2,372	322
Capital appreciation bond interest payable	--	141,390	--
Commercial paper notes payable, net of discount	--	358,351	--
Revenue notes payable	--	28,000	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	46,360	76,507	15,065
Revenue bonds payable, net of discount and inclusive of premium	233,443	3,098,022	--
Capital lease obligations payable	--	14,204	--
Accrued landfill closure and postclosure costs	7,188	7,188	--
Deferred credits and other liabilities	4	453,736	--
Total noncurrent liabilities	<u>289,474</u>	<u>4,188,533</u>	<u>27,966</u>
Total liabilities	<u>320,033</u>	<u>4,627,978</u>	<u>65,337</u>
NET ASSETS			
Invested in capital assets, net of related debt	159,181	1,196,098	15,288
Restricted for:			
Debt service	38	75,314	--
Bond reserve	--	18,687	--
Capital projects	35,392	88,508	12,388
Renewal and replacement	978	10,978	--
Passenger facility charges	--	9,164	--
Unrestricted	52,774	753,445	14,682
Total net assets	<u>248,363</u>	<u>2,152,194</u>	<u>42,358</u>
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	998	4,510	
Total net assets - Business-type activities	<u>249,361</u>	<u>2,156,704</u>	

The accompanying notes are an integral part of the financial statements.

Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the year ended September 30, 2002
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
OPERATING REVENUES			
Utility services	\$ 745,095	229,534	--
User fees and rentals	--	--	64,418
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	<u>745,095</u>	<u>229,534</u>	<u>64,418</u>
OPERATING EXPENSES			
Operating expenses before depreciation	401,439	112,340	37,265
Depreciation and amortization	90,253	54,240	16,210
Total operating expenses	<u>491,692</u>	<u>166,580</u>	<u>53,475</u>
Operating income (loss)	<u>253,403</u>	<u>62,954</u>	<u>10,943</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	38,716	9,643	4,039
Interest on revenue bonds and other debt	(97,149)	(74,962)	(23,648)
Interest capitalized during construction	--	--	435
Passenger facility charges	--	--	8,359
Amortization of bond issue cost	(652)	(456)	(105)
Deferred costs recovered	(16,557)	(10,670)	--
Other nonoperating revenue (expense)	(5,921)	36	(207)
Total nonoperating revenues (expenses)	<u>(81,563)</u>	<u>(76,409)</u>	<u>(11,127)</u>
Income (loss) before contributions and transfers	171,840	(13,455)	(184)
Capital contributions	3,736	27,413	8,905
Transfers in	--	--	--
Transfers out	(70,123)	(22,044)	(50)
Change in net assets	105,453	(8,086)	8,671
Total net assets - beginning	1,054,609	430,751	312,433
Total net assets - ending	<u>\$ 1,160,062</u>	<u>422,665</u>	<u>321,104</u>
Reconciliation to government-wide Statement of Activities			
Change in net assets	105,453	(8,086)	8,671
Adjustment to consolidate internal service activities	1,597	1,461	454
Change in net assets - Business-type activities	<u>\$ 107,050</u>	<u>(6,625)</u>	<u>9,125</u>

The accompanying notes are an integral part of the financial statements.

	Nonmajor Enterprise Funds	2002 Total	Governmental Activities- Internal Service Funds
OPERATING REVENUES			
Utility services	--	974,629	--
User fees and rentals	124,189	188,607	--
Billings to departments	--	--	185,447
Employee contributions	--	--	20,804
Operating revenues from other governments	3,116	3,116	--
Other operating revenues	44	44	3,868
Total operating revenues	127,349	1,166,396	210,119
OPERATING EXPENSES			
Operating expenses before depreciation	124,649	675,693	205,781
Depreciation and amortization	14,860	175,563	2,949
Total operating expenses	139,509	851,256	208,730
Operating income (loss)	(12,160)	315,140	1,389
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	5,782	58,180	983
Interest on revenue bonds and other debt	(16,332)	(212,091)	(477)
Interest capitalized during construction	3,523	3,958	--
Passenger facility charges	--	8,359	--
Amortization of bond issue cost	(173)	(1,386)	(4)
Deferred costs recovered	--	(27,227)	--
Other nonoperating revenue (expense)	(369)	(6,461)	(129)
Total nonoperating revenues (expenses)	(7,569)	(176,668)	373
Income (loss) before contributions and transfers	(19,729)	138,472	1,762
Capital contributions	3,483	43,537	140
Transfers in	37,319	37,319	393
Transfers out	(49,621)	(141,838)	(5,288)
Change in net assets	(28,548)	77,490	(2,993)
Total net assets - beginning	276,911	2,074,704	45,351
Total net assets - ending	248,363	2,152,194	42,358
Reconciliation to government-wide Statement of Activities			
Change in net assets	(28,548)	77,490	
Adjustment to consolidate internal service activities	998	4,510	
Change in net assets - Business-type activities	(27,550)	82,000	

The accompanying notes are an integral part of the financial statements.

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2002
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 826,463	228,862	67,857
Cash payments to suppliers for goods and services	(310,629)	(57,079)	(24,865)
Cash payments to employees for services	(92,651)	(53,780)	(17,098)
Cash payments to claimants/beneficiaries	--	--	--
Cash received from other governments	--	--	--
Taxes collected and remitted to other governments	(22,282)	--	--
Net cash provided (used) by operating activities	<u>400,901</u>	<u>118,003</u>	<u>25,894</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	--	--	--
Transfers out	(70,123)	(22,044)	(50)
Interest paid on revenue notes and other debt	(418)	(11)	--
Increase in deferred assets	(780)	--	--
Contributions from municipality	--	--	--
Loans to other funds	--	--	--
Loans from other funds	--	1,733	589
Net cash provided (used) by noncapital financing activities	<u>(71,321)</u>	<u>(20,322)</u>	<u>539</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	50,171	79,616	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	1,765	--
Principal paid on long-term debt	(82,223)	(30,540)	(3,387)
Proceeds from the sale of fixed assets	--	2,401	--
Purchased interest received	1,329	1,121	--
Interest paid on revenue bonds and other debt	(98,652)	(69,670)	(23,178)
Passenger facility charges	--	--	8,359
Acquisition and construction of capital assets	(187,370)	(101,594)	(16,970)
Contributions from municipality	--	--	--
Contributions from State and Federal governments	--	--	8,015
Contributions in aid of construction	3,269	7,731	83
Bond discounts and issuance costs	(2,951)	(2,832)	--
Bond premiums	22,132	17,125	--
Bonds issued for advanced refundings of debt	247,630	235,075	--
Cash paid for bond refunding escrow	(293,080)	(249,368)	--
Cash paid for nuclear fuel inventory	(7,818)	--	--
Net cash provided (used) by capital and related financing activities	<u>\$ (347,563)</u>	<u>(109,170)</u>	<u>(27,078)</u>

The accompanying notes are an integral part of the financial statements.

	Nonmajor Enterprise Funds	2002 Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	121,406	1,244,588	209,916
Cash payments to suppliers for goods and services	(55,001)	(447,574)	(65,682)
Cash payments to employees for services	(65,504)	(229,033)	(85,935)
Cash payments to claimants/beneficiaries	--	--	(44,103)
Cash received from other governments	4,314	4,314	--
Taxes collected and remitted to other governments	--	(22,282)	--
Net cash provided (used) by operating activities	5,215	550,013	14,196
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	35,210	35,210	393
Transfers out	(49,621)	(141,838)	(5,288)
Interest paid on revenue notes and other debt	(14)	(443)	--
Increase in deferred assets	--	(780)	--
Contributions from municipality	--	--	20
Loans to other funds	(1,713)	(1,713)	--
Loans from other funds	669	2,991	--
Net cash provided (used) by noncapital financing activities	(15,469)	(106,573)	(4,875)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	129,787	--
Proceeds from the sale of general obligation bonds and other tax supported debt	21,865	23,630	11,725
Principal paid on long-term debt	(6,271)	(122,421)	(1,152)
Proceeds from the sale of fixed assets	--	2,401	--
Purchased interest received	23	2,473	--
Interest paid on revenue bonds and other debt	(15,946)	(207,446)	(451)
Passenger facility charges	--	8,359	--
Acquisition and construction of capital assets	(80,884)	(386,818)	(9,386)
Contributions from municipality	--	--	6,452
Contributions from State and Federal governments	--	8,015	--
Contributions in aid of construction	2,110	13,193	--
Bond discounts and issuance costs	--	(5,783)	--
Bond premiums	81	39,338	--
Bonds issued for advanced refundings of debt	--	482,705	--
Cash paid for bond refunding escrow	--	(542,448)	--
Cash paid for nuclear fuel inventory	--	(7,818)	--
Net cash provided (used) by capital and related financing activities	(79,022)	(562,833)	7,188

The accompanying notes are an integral part of the financial statements.

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2002
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	\$ (313,658)	(136,800)	(39,361)
Proceeds from sale and maturities of investment securities	340,678	136,733	37,223
Interest on investments	27,536	9,104	3,121
Net cash provided by investing activities	<u>54,556</u>	<u>9,037</u>	<u>983</u>
Net increase (decrease) in cash and cash equivalents	36,573	(2,452)	338
Cash and cash equivalents, October 1	164,901	117,825	89,408
Cash and cash equivalents, September 30	<u>201,474</u>	<u>115,373</u>	<u>89,746</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	253,403	62,954	10,943
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	90,253	51,740	16,210
Amortization	--	2,500	--
Change in assets and liabilities:			
(Increase) in working capital advances	(818)	--	--
(Increase) decrease in accounts receivable	15,311	(139)	3,325
(Decrease) in allowance for doubtful accounts	(1,093)	--	--
Decrease in receivable from other governments	--	--	--
(Increase) decrease in inventory	(1,163)	246	--
(Increase) decrease in prepaid expenses and other assets	44,743	(115)	--
Decrease in deferred costs and other expenses	10,800	--	--
Decrease in other long-term assets	9	--	--
Increase (decrease) in accounts payable	(20,061)	1,030	(2,337)
Increase in accrued payroll and compensated absences	1,083	406	149
Increase in claims payable	--	--	--
Increase in due to other governments	--	--	--
Decrease in advances from other funds	--	--	--
Increase (decrease) in deferred credits and other liabilities	7,046	(1,043)	(2,620)
Increase in customer deposits	1,388	424	224
Total adjustments	<u>147,498</u>	<u>55,049</u>	<u>14,951</u>
Net cash provided (used) by operating activities	<u>\$ 400,901</u>	<u>118,003</u>	<u>25,894</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

	Nonmajor Enterprise Funds	2002 Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(26,569)	(516,388)	--
Proceeds from sale and maturities of investment securities	26,541	541,175	--
Interest on investments	5,496	45,257	983
Net cash provided by investing activities	5,468	70,044	983
Net increase (decrease) in cash and cash equivalents	(83,808)	(49,349)	17,492
Cash and cash equivalents, October 1	196,509	568,643	55,509
Cash and cash equivalents, September 30	112,701	519,294	73,001
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	(12,160)	315,140	1,389
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	14,860	173,063	2,949
Amortization	--	2,500	--
Change in assets and liabilities:			
(Increase) in working capital advances	--	(818)	--
(Increase) decrease in accounts receivable	(2,277)	16,220	(199)
(Decrease) in allowance for doubtful accounts	(60)	(1,153)	--
Decrease in receivable from other governments	(743)	(743)	--
(Increase) decrease in inventory	(23)	(940)	(433)
(Increase) decrease in prepaid expenses and other assets	(21)	44,607	58
Decrease in deferred costs and other expenses	--	10,800	--
Decrease in other long-term assets	--	9	--
Increase (decrease) in accounts payable	2,245	(19,123)	(21)
Increase in accrued payroll and compensated absences	1,260	2,898	498
Increase in claims payable	--	--	9,863
Increase in due to other governments	1,198	1,198	--
Decrease in advances from other funds	--	--	36
Increase (decrease) in deferred credits and other liabilities	615	3,998	56
Increase in customer deposits	321	2,357	--
Total adjustments	17,375	234,873	12,807
Net cash provided (used) by operating activities	5,215	550,013	14,196

The accompanying notes are an integral part of the financial statements.

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2002
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Increase in advances from other funds	\$ --	--	--
Increase (decrease) in deferred assets/expenses	(13,649)	13,836	--
Unamortized bond discounts, premiums, and issue costs on refunded bonds	20,729	(7,477)	--
Increase (decrease) in capital appreciation bond interest payable	10,625	(6,955)	--
Fixed assets contributed from (to) other funds	44	--	--
Increase in contributed facilities	--	9,698	--
Net increase (decrease) in the fair value of investments	6,860	(961)	--
Amortization of bond discounts, premiums and issue costs	(2,037)	(916)	(576)
Amortization of deferred loss on refundings	--	--	(74)
Gain (loss) on disposal of assets	(2,251)	35	(56)
Deferred costs recovered	(16,557)	(10,635)	--
Loss on extinguishment of debt	(8,207)	(8,036)	--
Contributions from other funds	--	--	--
Increase in deferred credits and other liabilities	213	27,413	--
Transfers from other funds	--	--	--

The accompanying notes are an integral part of the financial statements.

(Continued)

	Nonmajor Enterprise Funds	2002 Total	Governmental Activities- Internal Service Funds
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Increase in advances from other funds	--	--	44
Increase (decrease) in deferred assets/expenses	--	187	(1)
Unamortized bond discounts, premiums, and issue costs on refunded bonds	--	13,252	--
Increase (decrease) in capital appreciation bond interest payable	--	3,670	--
Fixed assets contributed from (to) other funds	279	323	(6,434)
Increase in contributed facilities	--	9,698	--
Net increase (decrease) in the fair value of investments	223	6,122	--
Amortization of bond discounts, premiums and issue costs	(301)	(3,830)	(4)
Amortization of deferred loss on refundings	(559)	(633)	--
Gain (loss) on disposal of assets	(267)	(2,539)	(129)
Deferred costs recovered	--	(27,192)	--
Loss on extinguishment of debt	--	(16,243)	--
Contributions from other funds	--	--	192
Increase in deferred credits and other liabilities	--	27,626	--
Transfers from other funds	2,109	2,109	--

The accompanying notes are an integral part of the financial statements.

Fiduciary Funds
Statement of Fiduciary Net Assets
September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit D-1

	<u>Private Purpose Trust</u>	<u>Agency</u>
ASSETS		
Pooled investments and cash	\$ 918	2,289
Due from other funds	150	--
Other assets	121	--
Total assets	<u>1,189</u>	<u>2,289</u>
LIABILITIES		
Accounts payable	151	160
Due to other governments	--	1,400
Due to other funds	150	--
Deposits and other liabilities	215	729
Total liabilities	<u>516</u>	<u>2,289</u>
NET ASSETS		
Held in trust	673	
Total net assets	<u>\$ 673</u>	

The accompanying notes are an integral part of the financial statements.

Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit D-2

	<u>Private Purpose Trust</u>
ADDITIONS	
Contributions	\$ 215
Interest and other	33
Total additions	<u>248</u>
DEDUCTIONS	
Deductions	<u>444</u>
Total deductions	<u>444</u>
Change in net assets	(196)
Total net assets - beginning	869
Total net assets - ending	<u>\$ 673</u>

The accompanying notes are an integral part of the financial statements.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Austin, Texas (the City) is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government. The City Council is composed of a Mayor and six Councilmembers, all of whom are elected at large for three-year staggered terms, and who may serve for a maximum of two consecutive terms. A petition signed by 5% of the voters waives the term limit for a councilmember.

The City's major activities or programs include public safety; transportation, planning and sustainability; public health; urban growth management; public recreation and culture; and general administrative services. In addition, the City owns and operates certain major enterprise activities, including an electric utility, water and wastewater utility, airport and other enterprise activities. These activities are included in the accompanying financial statements.

The Charter of the City of Austin requires an annual audit by an independent certified public accountant. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has implemented GASB Statement No. 1 through Statement No. 38 and GASB Interpretation No. 6. The more significant accounting and reporting policies and practices used by the City are described below.

As a local government, the City is exempt from federal income taxes, under Internal Revenue Code Section 115, and state sales tax.

a -- Reporting Entity

As required by generally accepted accounting principles (GAAP), these financial statements present the City (the Primary Government) and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City.

Blended Component Units -- The Austin Housing Finance Corporation (AHFC) and Austin Industrial Development Corporation (AIDC) are legally separate entities from the City. AHFC and AIDC serve all the citizens of Austin and are governed by a board composed of the City Councilmembers. The activities are reported in the Housing Assistance Fund and Austin Industrial Development Corporation Fund, nonmajor special revenue funds.

Related Organizations -- The following entities are related organizations to which the City Council appoints board members, but for which the City has no significant financial accountability. The City appoints certain members of the board of the Capital Metropolitan Transit Authority (Capital Metro), but the City's accountability for this organization does not extend beyond making the appointments. City Councilmembers appoint themselves as members of the board of the Austin-Bergstrom International Airport (ABIA) Development Corporation; their function on this board is ministerial rather than substantive. The City Council appoints the members of the board of Austin-Bergstrom Landhost Enterprises, Inc., and Austin Convention Enterprises, Inc.; the functions of these boards are ministerial rather than substantive. These entities are separate from the operating activities of the City, i.e., the Airport (ABIA operations) and Convention Center. Related organizations are not included in the City's reporting entity.

The City retirement plans (described in Note 8) and the City of Austin Deferred Compensation Plan for City employees are not included in the City's reporting entity because the City does not exercise substantial control over the entities.

b -- GASB Statement No. 34 and Related Statements

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement, known as the "New Reporting Model" or as GASB 34, affects the preparation and presentation of the City's financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used in private-sector financial reports. In addition, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments – Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Financial Statements* were required to be adopted concurrent with GASB Statement No. 34. The City adopted each of these standards as of October 1, 2001.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

GASB 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make governmental annual reports easier to understand and more useful to the people who use governmental information to make decisions. The primary effects of adoption of GASB 34 on the City's financial statements included the addition of management's discussion and analysis, the presentation of net assets, the use of accrual basis accounting in the government-wide financial statements, inclusion of required supplementary information, the elimination of the effect of internal service activities, recording of infrastructure assets and reflecting depreciation of capital assets in the government-wide statements.

The new reporting model includes the following:

Management's Discussion and Analysis -- A narrative introduction and analytical overview of the City's financial activities, similar to the analyses provided in the annual reports of private sector organizations.

Government-wide Financial Statements -- New financial statements prepared using full accrual accounting for all of the City's activities. These statements include not only current assets and liabilities, but also governmental capital assets, other long-term assets and long-term liabilities. Full accrual accounting is used to report all revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets -- This statement is designed to display the financial position of the primary government (governmental and business-type activities). The statement includes current and long-term assets and liabilities, including infrastructure assets. The net assets of the City are classified into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

Statement of Activities -- This statement reports expenses and revenues on an accrual basis, and in a format that focuses on the cost of the City's functions.

Fund Financial Statements -- Fund financial statements focus on funds. Governmental funds are reported using the current financial resources measurement focus and the modified basis of accounting. Proprietary funds are reported on the economic resources measurement focus and the accrual basis of accounting.

Notes to Basic Financial Statements -- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (RSI) -- The City adopts an annual appropriated budget for the General Fund. The RSI provides a comparison to budget and is provided to demonstrate compliance with this budget.

Government-wide and Fund Financial Statements -- The basic financial statements include both government-wide and fund financial statements. The previous financial reporting model emphasized fund types, i.e., the total of all funds of a particular type, such as capital projects funds. The new reporting model focus is on either the City as a whole or on major individual funds, as defined by GASB 34.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Internal service fund asset and liability balances that are not eliminated in the statement of net assets are reported in the governmental activities column on the government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets includes governmental assets and liabilities previously reported in the General Fixed Asset Account Group and the General Long-Term Debt Account Group, in addition to infrastructure assets.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expenses of most business-type activities. Program revenues include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

The fund level statements focus on the governmental, proprietary and fiduciary funds. The accounts of the City are organized on the basis of funds. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The City's fiduciary funds, which have been redefined and narrowed in scope, are presented in the fund financial statements by type (private purpose and agency). By definition these assets are held for the benefit of a third party, and cannot be used to address activities or obligations of the government, and are therefore not included in the government-wide statements. Reconciliation of the fund financial statements to the government-wide financial statements is provided in the financial statements to explain the differences created by the integrated approach of GASB 34.

c -- Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available. Revenues, other than grants, are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period (defined by the City as collected within 60 days of year end). Revenues billed under a contractual agreement with another governmental entity, including federal and state grants, are recognized when billed and when all eligibility requirements of the provider have been met and are considered to be available if expected to be collected within one year. Expenditures generally are recorded when a liability is incurred. However, expenditures related to compensated absences and arbitrage are recorded when the liability is matured. Debt service expenditures are recognized when payment is matured. The reported fund balance of governmental funds is considered a measure of available spendable resources.

Property taxes, sales taxes, franchise taxes, EMS charges, Municipal Court fines and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental fund:

General Fund: The primary operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. It includes the following activities: public safety; transportation, planning and sustainability; public health; public recreation and culture; urban growth management; and general government.

Proprietary and fiduciary fund financial statements are accounted for on the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations, such as providing electric or water-wastewater services. Other revenues or expenses are nonoperating items.

The City reports the following major enterprise funds:

Electric Fund: Accounts for the activities of the City-owned electric utility, doing business as Austin Energy TM.

Water and Wastewater Fund: Accounts for the activities of the City-owned water and wastewater utility.

Airport Fund: Accounts for the operations of the Austin-Bergstrom International Airport (ABIA).

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In addition, the City reports the following nonmajor governmental funds:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, including grant funds.

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt and HUD Section 108 loan principal, interest and related costs.

Capital Projects Funds account for financial resources for the acquisition or construction of major capital facilities (other than those reported within proprietary funds and private purpose funds) and funded primarily by general obligation debt, other tax supported debt, interest income and other intergovernmental revenues. A 1981 ordinance requires the establishment of a separate fund for each bond proposition approved in each bond election.

Permanent Funds account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the City's programs. Permanent funds account for the public recreation and culture activity.

The City reports the following proprietary and fiduciary funds:

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges. The City has elected to follow GASB statements issued after November 30, 1989, rather than statements issued by the Financial Accounting Standards Board (FASB), in accordance with GASB Statement No. 20. The nonmajor enterprise funds account for the operations in a variety of areas: convention center, drainage, golf, hospital, recreation activities, primary care clinics, solid waste and transportation.

Internal Service Funds account for the financing of goods or services provided by one City department or agency to other City departments or agencies or to other governmental units on a cost-reimbursement basis. These activities include, but are not limited to, capital projects management, employee health benefits, fleet services, information services, liability reserve (city-wide self insurance) services, supportive services, wireless communication services and workers' compensation coverage.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governments:

Private-purpose trust funds account for all other trust arrangements under which principal and income benefit individuals, private organizations or other governments. Private-purpose trust funds account for various purposes: general government, transportation, public recreation and culture and urban growth management.

Agency funds account for net assets held on behalf of others and are purely custodial (assets equal liabilities).

d -- Budget

The City Manager submits a proposed budget to City Council no later than thirty days prior to the beginning of the new fiscal year. The City Council holds public hearings, modifies the City Manager's recommendations, and adopts a final budget no later than the twenty-seventh day of September. The City Council passes an appropriation ordinance and a tax levying ordinance.

Annual budgets are legally adopted for the General Fund, certain special revenue funds and debt service funds. Annual budgets are adopted for enterprise and internal service funds, although they are not legally required. Multi-year budgets are adopted for capital projects and grant funds, where appropriations remain authorized for the life of the project, irrespective of fiscal year. Expenditures are appropriated on a modified accrual basis, except that commitments related to purchase orders are treated as expenditures in the year of commitment. Certain charges to ending fund balance are budgeted as nondepartmental expenditures.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Formal budgetary control is employed during the year at the fund and department level as a management control device for annually budgeted funds.

Budgets are modified throughout the year. The City Manager is authorized to transfer appropriation balances within a fund and department of the City. The City Council must approve amendments to the budget and transfers of appropriations from one fund and department to another. The original and final budgets for the General Fund are reported in the required supplementary information. Unencumbered appropriations for annual budgets lapse at fiscal year end.

During fiscal year 2002, the following nonmajor governmental funds exceeded their legally adopted expenditure or transfer budget (in thousands): EMS Travis County Reimbursed (\$79) and Wildland Conservation (\$4).

e -- Financial Statement Elements

Pooled Investments and Cash -- Cash balances of all City funds (except for certain funds shown in Note 5 as having non-pooled investments) are pooled and invested. Investments purchased with pooled cash, consisting primarily of U.S. government obligations and U.S. agency obligations, are stated at fair value. Interest earned on investments purchased with pooled cash is allocated monthly to each participating fund based upon the fund's average daily balance. Funds that incur a negative balance in pooled cash and investments are not allocated interest earnings nor charged interest expense.

Investments -- Certain investments are required to be reported at fair value, based on quoted market prices. Realized gains or losses resulting from the sale of investments are determined by the specific cost of the securities sold. The City carries all of its investments in U.S. government and agency debt securities and money market mutual funds at fair value as of September 30, 2002. Investments in local government investment pools are carried at amortized cost, which approximates fair value.

Accounts Receivables -- Balances of accounts receivables, reported on the government-wide statement of net assets, are aggregations of different components such as charges for services, fines, and balances due from taxpayers or other governments. In order to assist the reader, the following information has been provided regarding significant components of receivables balances as of September 30, 2002 (in thousands):

	<u>Charges for Services</u>	<u>Fines</u>	<u>Taxes</u>	<u>Other Govern- ments</u>	<u>Total</u>
Governmental activities					
General Fund	\$ 46,035	54,500	25,428	434	126,397
Nonmajor governmental funds	929	45	6,872	8,415	16,261
Internal service funds	742	--	--	--	742
Allowance for doubtful accounts	(43,924)	(35,952)	--	--	(79,876)
Total	<u>\$ 3,782</u>	<u>18,593</u>	<u>32,300</u>	<u>8,849</u>	<u>63,524</u>

Municipal Court fines in the governmental activities, because of the nature of the fines, have a collection period greater than one year. Fines recognized that will not be collected during the subsequent year are estimated to be approximately \$8.5 million.

Business-type activities are primarily comprised of charges for services.

Elimination of Internal Activities -- The elimination of internal service fund activity is needed in order to eliminate duplicate activity in making the transition from the fund level financial statements to the government-wide financial statements. In addition, the elimination of internal service fund activity requires the City to "look back" and adjust the internal service funds' internal charges. A positive change in net assets derived from internal service fund activity results in a pro rata reduction in the charges made to the participatory funds. A deficit change in net assets of internal service funds requires a pro rata increase in the amounts charged to the participatory funds.

Internal Balances -- In the government-wide statement of net assets, internal balances are the receivables and payables between the governmental and business-type activities.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interfund Activities -- In the government-wide statement of activities, the effect of interfund activity has generally been removed from the statements. Exceptions include the chargeback of services, such as utilities or vehicle maintenance, and charges for central administrative costs. Elimination of these charges would distort the direct costs and program revenues of the various functions reported. The City recovers indirect costs that are incurred in the Support Services Fund, which is reported as an internal service fund. Indirect costs are calculated in a city-wide cost allocation plan or through indirect cost rates. These amounts are eliminated in the government-wide statement of activities.

Interfund Receivables, Payables -- During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund-level statements when they are expected to be liquidated within one year. If receivables or payables are expected to be liquidated after one year, they are classified as “advances to other funds” or “advances from other funds.”

Inventories -- Inventories are valued at cost, which is determined as follows:

Fund	Inventory Valuation Method
General Fund	Average cost (predominantly); some first-in, first-out
Electric:	
Fuel oil and coal	Last-in, first out
Other inventories	Average cost
All others	Average cost

Inventories for all funds use the consumption method and expenditures are recorded when issued. Inventories reported in the General Fund and certain special revenue funds are offset by a fund balance reserve, which indicates that they do not represent “available spendable resources.”

Prepaid expenses and other assets -- The governmental activities statement of net assets includes prepaid expenses and other assets. Fund balance is reserved for prepaid expenses; fund balance is not reserved for other assets.

Restricted assets -- Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

The balance of restricted assets accounts in the enterprise funds are as follows (in thousands):

	Business-type Activities				Total Restricted Assets
	Electric	Water and Wastewater	Airport	Nonmajor	
Debt service	\$ 70,177	36,003	13,798	6,036	126,014
Bond reserve	64,394	45,531	--	6,864	116,789
Capital projects	23,286	59,285	67,813	63,993	214,377
Nuclear decommissioning	81,727	--	--	--	81,727
Nuclear fuel inventory replacement	33,234	--	--	--	33,234
Customer and escrow deposits	5,508	1,559	28,294	4,549	39,910
Federal grants	--	--	4,142	--	4,142
	\$ 278,326	142,378	114,047	81,442	616,193

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital assets -- Capital assets, which include land, facilities and improvements, machinery and equipment and infrastructure assets, are reported in the applicable governmental or business-type activity columns of the government-wide statement of net assets, and related depreciation is allocated to programs in the statement of activities. Capital assets are defined as assets with an initial individual cost of \$1,000 or more and an estimated useful life of greater than one year. Assets purchased or constructed are capitalized at historical cost. Contributed or annexed capital assets are recorded at estimated fair market value at the time received, or at historical cost, if historical cost is available. Capital outlay is recorded as an expenditure in the General Fund and other governmental funds, and as an asset in the government-wide financial statements and proprietary funds. Maintenance and repairs are charged to operations as incurred, and improvements and betterments that extend the useful lives of capital assets are capitalized.

The City obtains public domain capital assets (infrastructure) through capital improvement projects (CIP) construction, or through annexation or developer contribution. Infrastructure consists of certain improvements other than buildings, including streets and roads, bridges, pedestrian facilities, drainage systems and traffic signal systems.

Interest is not capitalized on governmental capital assets. For enterprise funds, interest paid on long-term debt in the enterprise funds is capitalized when it can be attributed to a specific project and when it materially exceeds the interest revenue generated by the bond proceeds issued to fund the project.

Capital assets are depreciated using the straight-line method over the following estimated useful lives (in years):

Assets	Governmental Activities(1)	Business-type Activities			
		Electric	Water and Wastewater	Airport	Nonmajor Enterprise
Buildings	40	30	40-50	40	40
Equipment	12-15	12-40	12-40	10-12	7-40
Vehicles	3-15	3-15	3-15	3-15	3-15
Improvements to grounds	15	30	40-50	15	15
Communication equipment	7	7	7	7	7
Furniture and fixtures	12	12	12	12	12
Computers and EDP equipment	7	7	7	7	7
Infrastructure					
Streets and roads	30	--	--	--	--
Bridges	50	--	--	--	--
Drainage systems	50	--	--	--	--
Pedestrian facilities	20	--	--	--	--
Traffic signals	25	--	--	--	--

(1) Includes internal service funds

Depreciation of assets is classified by functional components. The City considers library collections, art treasures and land to be inexhaustible; and therefore, these assets are reported as nondepreciable. The true value of library collections and art treasures is expected to be maintained over time and, thus, not depreciated. Unallocated depreciation reported in the government-wide statement of activities consists of depreciation of infrastructure assets (\$34.1 million).

In the government-wide and proprietary fund statements, the City recognizes a gain or loss on the disposal of assets when it retires or otherwise disposes of capital assets (other than debt-financed assets of the utility funds, where the gain or loss is deferred in accordance with FASB Statement No. 71).

Intangible Assets -- Proprietary Funds - Intangible assets include the amortized cost of a \$100 million contract between the City and the Lower Colorado River Authority (LCRA) for a fifty-year assured water supply agreement, with an option to extend another fifty years. The City and LCRA entered into the contract in 1999, and the asset is being amortized over 40 years.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Expenses or Credits -- The City's utility systems are reported in accordance with Financial Accounting Standards Board (FASB) Statement No. 71, *Accounting for the Effects of Certain Types of Regulation*. Certain utility expenses that do not currently require funds are deferred to future periods in which they are intended to be recovered by rates. Likewise, certain credits to income are deferred to periods in which they are matched with related costs. These expenses or credits include changes in fair value of investments, contributions and gain or loss on disposition of debt-financed assets. Deferred expenses will be recovered in these future periods by setting rates sufficient to provide funds for the related debt service requirements. If rates being charged will not recover deferred expenses, the deferred expenses will be subject to write off. Retail deregulation of electric rates in the future may affect the City's current accounting treatment of its electric utility revenues, expenses and deferred amounts.

Compensated Absences -- The amounts owed to employees for unpaid vacation and sick leave liabilities, including the City's share of employment-related taxes. The liabilities and expenses are reported on the accrual basis of accounting in the applicable governmental or business-type activity columns of the government-wide statements, and in the enterprise activities of the fund financial statements. The liabilities and expenditures are reported on the modified accrual basis in the governmental fund financial statements; the estimated liability for governmental funds is the amount of sick and vacation paid at termination within 60 days of year-end.

City policies provide for the following amounts to be paid at termination: accumulated vacation pay with a maximum of six weeks and accumulated sick leave with a maximum of ninety days. Sick leave accumulated in excess of ninety days or by employees hired on or after October 1, 1986 is not payable at termination, and is not included in these financial statements.

Long-Term Debt -- The debt service for general obligation bonds and other general obligation debt, including loans, issued to fund general government capital projects is paid from tax revenues, interfund transfers and intergovernmental revenues. Such general obligation debt is reported in the government-wide statements under governmental activities.

The debt service for general obligation bonds and other general obligation debt issued to fund proprietary fund capital projects is normally paid from net revenues of the applicable proprietary fund, although such debt will be repaid from tax revenues if necessary. Such general obligation debt is shown as a specific liability of the applicable proprietary fund, which is appropriate under generally accepted accounting principles and in view of the expectation that the proprietary fund will provide resources to service the debt.

Revenue bonds that have been issued to finance capital projects of certain enterprise funds are to be repaid from net revenues of these funds. Such debt is recorded in the funds. Operating revenues and interest income that are used as security for revenue bonds are reported separately from other revenues.

The City defers and amortizes gains or losses realized by proprietary funds on refundings of debt and for governmental activities in the government-wide financial statements, and reports both the new debt liability and the related deferred amount on the funds' balance sheets. The City recognizes gains or losses on debt defeasance when funds from current operations are used.

Other Long-Term Liabilities -- Capital appreciation bonds are recorded at net accreted value. Annual accretion of the bonds is recorded as interest expense during the life of the bonds. The cumulative accretion of capital appreciation bonds, net of interest payments on the bonds, is recorded as capital appreciation bond interest payable.

Landfill Closure and Postclosure Care Costs -- The City reports municipal solid waste landfill costs in accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. The liability for landfill closure and postclosure costs is reported in the Solid Waste Services Fund, a nonmajor enterprise fund.

Operating Revenues -- Revenues are recorded net of allowances, including bad debt, in the government-wide and proprietary fund-level statements. The funds listed below reduced revenues by allowances, as follows (in thousands):

Electric Fund	\$	10,125
Water and Wastewater Fund		1,112
Non-major Enterprise Funds		1,678

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interfund Revenues, Expenses and Transfers -- Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved, such as billing for utility services. Transactions between funds that constitute reimbursements for expenditures or expenses are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Transfers between funds are reported in the operations of governmental and proprietary funds.

Intergovernmental Revenues, Receivables and Liabilities -- Intergovernmental revenues and related receivables arise primarily through funding received from Federal and State grants. These revenues and receivables are earned through expenditure of money for grant purposes. Intergovernmental liabilities arise primarily from funds held in an agency capacity for other local governmental units.

Federal and State Grants, Entitlements and Shared Revenues -- Grants, entitlements and shared revenues may be accounted for within any City fund. The purpose and requirements of each grant, entitlement, or shared revenue are analyzed to determine the appropriate fund statement and revenue category in which to report the related transactions. Grants, entitlements and shared revenues received for activities normally recorded in a particular fund may be accounted for in that fund, provided that applicable legal restrictions can be satisfied.

Revenues received for activities normally recorded in other governmental funds are accounted for within the nonmajor governmental fund groupings: Federal grant funds, State grant funds, and other special revenue grant funds. Capital grants restricted for capital acquisitions or construction, other than those associated with proprietary type funds, are accounted for in the applicable capital projects funds. Revenues received for operating activities of proprietary funds or revenues that may be used for either operations or capital expenditures at the discretion of the City are recognized in the applicable proprietary fund.

Restricted Resources -- When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Special Items -- These are significant transactions or events within the control of the City that are either unusual in nature or infrequent in occurrence. In 2002, the City purchased from Computer Sciences Corporation (CSC) for \$4 million the right to develop a City-owned block. Under an earlier agreement, CSC had the right to develop the block by 2015.

Reservations of Fund Equity -- Reservation of fund balances of the governmental funds indicate that portion of fund equity which is not available for appropriation for expenditure or is legally restricted by outside parties for use for a specific purpose. Designations of fund balance are the representations of management for the utilization of resources in future periods.

Cash and Cash Equivalents -- For purposes of the statement of cash flows, the City considers cash and cash equivalents to be currency on hand, cash held by trustee, demand deposits with banks, and all amounts included in pooled investments and cash accounts.

Pension Costs -- It is the policy of the City to fund pension costs annually. Pension costs are composed of normal cost and, where applicable, amortization of unfunded actuarial accrued liability and of unfunded prior service cost (see Note 8).

Risk Management -- The City is exposed to employee-related risks for health benefits and workers' compensation, as well as to various risks of loss related to torts, including medical malpractice; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters. The City continues to be self-insured for liabilities for most health benefits, third-party and workers' compensation claims.

The City purchases commercial insurance for coverage for property loss or damage, commercial crime, fidelity bonds, and airport operations. In addition, the City purchases a broad range of insurance coverage for contractors working at selected capital improvement project sites. The City does not participate in a risk pool. The City complies with GASB Statement 10, *Accounting and Reporting for Risk Financing and Related Insurance Issues* (see Note 16).

f -- Comparative Data

Governments are required to present comparative data only in connection with Management's Discussion and Analysis (MD&A). They may also present comparative data on the government-wide statement of activities. In this first year of GASB Statement No. 34 implementation, comparative data is not required and is not presented.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

g -- Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

a -- Explanation of differences between the governmental fund balance sheet and the government-wide statement of net assets

Total fund balances of the City's governmental funds, \$383 million, differ from the net assets of governmental activities, \$1,247 million, reported in the statement of net assets. The differences result from the long-term economic focus in the government-wide statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The differences are shown below (in thousands):

Total fund balances - Governmental funds		\$ 383,405
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental capital assets	2,139,354	
Less: accumulated depreciation	<u>(483,118)</u>	
Total		1,656,236
Other-long term assets are not available as current-period resources and are not reported in the funds.		
Accounts and other taxes receivable	18,285	
Deferred revenue - Property taxes/interest	8,768	
Deferred costs and expenses	<u>870</u>	
Total		27,923
Long-term liabilities are not payable in the current period and are not reported in the funds.		
Bonds and other tax supported debt payable, net	(778,480)	
Compensated absences	(56,711)	
Interest payable	(4,244)	
Deferred credits and other liabilities	<u>(18,540)</u>	
Total		(857,975)
Internal service funds		<u>37,848</u>
Total net assets - Governmental activities		<u><u>\$ 1,247,437</u></u>

2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, continued

b -- Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The net change in fund balances of governmental funds, \$151.6 million, differs from the change in net assets for governmental activities, \$42.5 million, reported in the statement of activities. The differences result from the long-term economic focus in the government-wide statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The differences are shown below (in thousands):

Net change in fund balances - Governmental funds		\$ 151,609
Governmental funds report capital outlay as expenditures. In the statement of activities, the cost of those assets are depreciated over the estimated useful life of the asset.		
Capital outlay	164,523	
Depreciation expense	(58,101)	
Loss on disposal of capital assets	(7,891)	
Total	<u>98,531</u>	98,531
Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.		
Property taxes	8,068	
Charges for services	8,116	
Interest and other	(675)	
Capital assets contribution	12,651	
Total	<u>28,160</u>	28,160
Revenues in the governmental funds are recognized when measurable and available, but are deferred in the statement of activities until earned, regardless of when collected.		
Intergovernmental revenue	(14,011)	
Total	<u>(14,011)</u>	(14,011)
Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but are deferred and amortized throughout the period during which the related debt is outstanding in the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Issuance of long-term debt	(254,505)	
Principal repayment on long-term debt	44,382	
Deferral of debt issue costs	(6,741)	
Total	<u>(216,864)</u>	(216,864)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	4,944	
Interest and other	(2,321)	
Total	<u>2,623</u>	2,623
Internal services. The net revenue (expense) of the internal service funds is reported with the governmental activities.		
Change in net assets - Governmental activities		<u>(7,503)</u>
		<u>\$ 42,545</u>

3 – DEFICITS IN FUND BALANCES AND NET ASSETS

At September 30, 2002, the nonmajor funds below reported deficits in fund balances or net assets. Management intends to recover these deficits through future operating revenues, transfers or debt issues.

	<u>Deficit</u> (in thousands)		<u>Deficit</u> (in thousands)
Special Revenue Funds:		Enterprise Funds:	
Austin Transportation Study	\$ 152	Parks and Recreation	\$ 36
One Texas Center	93		
Capital Projects Funds:		Internal Service Funds:	
Energy improvements - city facilities	82	Liability Reserve	8,816
Parks/Old Bakery	145		
Police facilities	14	Fiduciary Funds:	
Transportation mobility improvements	15,045	Voluntary Utility Assistance	64
Parks - 1992	15		
Build Austin	27		
Public Works	50		
Conservation land	2		
Interest income	583		

The deficit in the Transportation Mobility Improvements Fund is covered by a City Council resolution to reimburse the fund through a future bond sale. The Liability Reserve deficit will be recovered through judgment bonds and future transfers.

4 – POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2002 (in thousands):

	<u>Pooled Investments and Cash</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
General Fund	\$ 88,956	--
Nonmajor governmental funds	302,240	--
Electric	134,587	59,147
Water and Wastewater	54,010	55,735
Airport	6,605	83,135
Nonmajor enterprise funds	44,435	68,251
Internal service funds	72,581	--
Fiduciary funds	3,207	--
Subtotal pooled investments and cash	<u>706,621</u>	<u>266,268</u>
Total pooled investments and cash	<u>\$ 972,889</u>	

5 – INVESTMENTS AND DEPOSITS

a -- Investments

The City's deposits and investments are invested pursuant to the City of Austin Investment Policy, which is approved annually by the City Council. The objective of the policy is, in order of priority, preservation of capital, liquidity and yield. The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

5 – INVESTMENTS AND DEPOSITS, continued

Chapter 2256, Texas Government Code (The Public Funds Investment Act) and the City of Austin Investment Policy authorize the City to invest in the following:

- (1) Obligations of the U.S. Treasury;
- (2) Federal Agencies;
- (3) Obligations of The State of Texas;
- (4) Other States, Cities, Counties or Other Political Subdivisions;
- (5) Local Government Investment Pools;
- (6) Repurchase Agreements;
- (7) Reverse Repurchase Agreements;
- (8) Bankers' Acceptances;
- (9) Commercial Paper; and
- (10) Money Market Mutual Funds.

The City participates in two Texas local government investment pools: TexPool and TexasTERM/Daily. The State Comptroller of Public Accounts maintains oversight responsibility for TexPool. An advisory board, consisting of participants or their designees, maintains oversight responsibility for TexasTERM/Daily. The fair value of the City's position in these pools is equivalent to the carrying value.

The City did not participate in any reverse repurchase agreements during fiscal year 2002.

The City's investments (with exceptions noted below) are categorized below to give an indication of the level of custodial risk assumed by the City at year-end.

- Category 1 investments are insured or registered or the City's agent holds the securities in the City's name.
- Category 2 investments are uninsured and unregistered investments and the securities are held by the counterparty's trust department or agent in the City's name.
- Category 3 investments are uninsured and unregistered investments and the securities are held by the counterparty's trust department or agent, but not in the City's name.

	Category			Fair Value
	1	2	3	(in thousands)
<u>Investments</u>				
Obligations of the U.S. government and its agencies	\$ 984,521	--	--	984,521
	<u>984,521</u>	<u>--</u>	<u>--</u>	<u>984,521</u>
<u>Investments held by trustee</u>				
Obligations of the U.S. government and its agencies	83,031	--	--	83,031
<u>Investments not categorized</u>				
Money market mutual funds				7,097
TexPool, Texas Local Government Investment Pool				293,789
TexasTERM/Daily, Local Government Investment Pool				186,331
				<u>487,217</u>
Total investments				<u>\$ 1,554,769</u>

5 – INVESTMENTS AND DEPOSITS, continued

Investments and deposits at September 30, 2002 are as follows (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Non-pooled investments and deposits	\$ 17,308	573,836	--	591,144
Pooled investments and deposits	468,324	510,864	3,207	982,395
Total investments and deposits	<u>485,632</u>	<u>1,084,700</u>	<u>3,207</u>	<u>1,573,539</u>
Unrestricted deposits	514	51	--	565
Restricted deposits	--	13,338	--	13,338
Pooled deposits	2,320	2,531	16	4,867
Investments	482,798	1,068,780	3,191	1,554,769
Total investments and deposits	<u>\$ 485,632</u>	<u>1,084,700</u>	<u>3,207</u>	<u>1,573,539</u>

b -- Deposits

The September 30, 2002, carrying amount of deposits is as follows (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash				
Unrestricted	\$ 112	51	--	163
Cash held by trustee				
Unrestricted	402	--	--	402
Restricted	--	13,338	--	13,338
Pooled cash	2,320	2,531	16	4,867
Total deposits	<u>\$ 2,834</u>	<u>15,920</u>	<u>16</u>	<u>18,770</u>

All bank balances were either insured or collateralized with securities held by the City or by its agent in the City's name at September 30, 2002.

6 – PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The adjusted assessed value for the roll as of January 1, 2001, upon which the 2002 levy was based, was \$47,782,873,096.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2002, 98.81% of the current tax levy (October 1, 2001) was collected. The statutory lien date is January 1.

The methods of property assessment and tax collection are determined by Texas statute. The statutes provide for a property tax code, county-wide appraisal districts, a State property tax board, and certain exemptions from taxation, such as intangible personal property, household goods, and family-owned automobiles.

6 – PROPERTY TAXES, continued

The appraisal of property within the City is the responsibility of the Travis Central Appraisal District. The appraisal district is required under the Property Tax Code to assess all real and personal property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may require more frequent reviews of appraised values at its own expense. The Travis Central Appraisal District has chosen to review the value of property every two years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The City is authorized to set tax rates on property within the City limits. However, if the effective tax rate, excluding tax rates for bonds, certificates of obligation, and other contractual obligations, as adjusted for new improvements and revaluation, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate increase to no more than 8%.

The City is permitted by Article II, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. Under the City Charter, a limit on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at \$1.00 per \$100 assessed valuation. A practical limitation on taxes levied for debt service of \$1.50 per \$100 of assessed valuation is established by State Statute and City Charter limitations. Through contractual arrangements, Travis and Williamson counties bill and collect property taxes for the City.

The tax rate to finance general governmental functions, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2002, was \$.3041 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$.6959 per \$100 assessed valuation, and could levy approximately \$332,521,014 in additional taxes from the assessed valuation of \$47,782,873,096 before the legislative limit is reached.

During 2002, businesses filed lawsuits against the appraisal district challenging assessed values. These lawsuits, if successful, could reduce the assessed value by almost 4%. The City has included the effect of this adjustment in these statements.

7 – CAPITAL ASSETS AND INFRASTRUCTURE

The City has capitalized governmental infrastructure assets in accordance with GASB Statement No. 34. Additions for the years 1980 through 2001 were valued at an estimated historical cost of \$1.186 billion less accumulated depreciation of \$318 million.

The City anticipates the need for numerous additional utility-related projects over the next several years. However, specific projects and related funding have not been identified or authorized.

The City is accelerating the depreciation of two generating stations that will be retired before the end of their estimated useful lives. The increase to the Electric fund 2002 depreciation expense for this accelerated depreciation is \$210,000.

The City has recorded capitalized interest for fiscal year 2002 in the following funds related to the construction of various enterprise fund capital improvement projects (in thousands):

Major fund:		
Airport	\$	435
Nonmajor enterprise funds:		
Convention Center		2,930
Drainage		111
Golf		91
Solid Waste Services		391

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Components of capital assets (in thousands):

	Governmental Activities	Business-type Activities	Total
Capital assets not being depreciated			
Land and improvements	\$ 151,314	267,163	418,477
Arts and treasures	4,450	673	5,123
Library books	12,706	--	12,706
Total	<u>168,470</u>	<u>267,836</u>	<u>436,306</u>
Other capital assets			
Building & improvements	265,028	2,799,995	3,065,023
Equipment	46,331	2,696,969	2,743,300
Vehicles	69,496	81,516	151,012
Infrastructure	1,218,959	--	1,218,959
Completed assets not classified	202,908	564,978	767,886
Total	<u>1,802,722</u>	<u>6,143,458</u>	<u>7,946,180</u>
Less accumulated depreciation for			
Building & improvements	(75,765)	(816,461)	(892,226)
Equipment	(29,301)	(1,126,077)	(1,155,378)
Vehicles	(35,751)	(45,230)	(80,981)
Infrastructure	(352,467)	--	(352,467)
Completed assets not classified	(13,299)	(9,456)	(22,755)
Total	<u>(506,583)</u>	<u>(1,997,224)</u>	<u>(2,503,807)</u>
Total capital assets, net of depreciation	<u>1,296,139</u>	<u>4,146,234</u>	<u>5,442,373</u>
Construction work in progress	223,455	310,876	534,331
Nuclear fuel, net of amortization	--	18,102	18,102
Plant held for future use	--	31,379	31,379
Total capital assets, net of depreciation	<u>\$ 1,688,064</u>	<u>4,774,427</u>	<u>6,462,491</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Governmental Activities

Capital asset activity for the year ended September 30, 2002 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and improvements	\$ 160,096	--	(8,782)	151,314
Arts and treasures	4,450	--	--	4,450
Library books	12,013	693	--	12,706
Total	<u>176,559</u>	<u>693</u>	<u>(8,782)</u>	<u>168,470</u>
Other capital assets				
Building and improvements	221,167	45,260	(1,399)	265,028
Equipment	39,900	15,150	(8,719)	46,331
Vehicles	40,643	40,226	(11,373)	69,496
Infrastructure	1,186,479	32,480	--	1,218,959
Completed assets not classified	210,026	27,392	(34,510)	202,908
Total	<u>1,698,215</u>	<u>160,508</u>	<u>(56,001)</u>	<u>1,802,722</u>
Less accumulated depreciation for				
Building and improvements	(69,102)	(7,563)	900	(75,765)
Equipment	(33,959)	(3,187)	7,845	(29,301)
Vehicles	(34,348)	(11,030)	9,627	(35,751)
Infrastructure	(318,393)	(34,074)	--	(352,467)
Completed assets not classified	(8,537)	(5,236)	474	(13,299)
Total	<u>(464,339)</u>	<u>(61,090)(1)</u>	<u>18,846</u>	<u>(506,583)</u>
Other capital assets, net	<u>1,233,876</u>	<u>99,418</u>	<u>(37,155)</u>	<u>1,296,139</u>
Construction work in progress	<u>182,986</u>	<u>117,240</u>	<u>(76,771)</u>	<u>223,455</u>
Governmental activities capital assets, net	<u>\$ 1,593,421</u>	<u>217,351</u>	<u>(122,708)</u>	<u>1,688,064</u>

Depreciation expense was charged to functions as follows (in thousands):

Governmental activities:

General government	\$ 866
Public safety	10,325
Transportation, planning and sustainability	2,597
Public health	1,041
Public recreation and culture	7,272
Urban growth management	1,926
Unallocated depreciation expense - infrastructure	34,074
Internal Service	2,949
Total governmental activities depreciation expense	<u>\$ 61,050</u>

(1) Components of accumulated depreciation increases:

Current year depreciation	\$ 61,050
Transfer from Electric activities	30
Transfer from Airport activities	10
	<u>\$ 61,090</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Electric Activities

Capital asset activity for the year ended September 30, 2002 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and improvements	\$ 32,731	146	--	32,877
Total	32,731	146	--	32,877
Other capital assets				
Building and improvements	561,747	5,082	(34)	566,795
Equipment	2,005,573	220,784	(18,035)	2,208,322
Vehicles	19,641	3,667	(3,941)	19,367
Completed assets not classified	203,389	3,268	(12,653)	194,004
Total	2,790,350	232,801	(34,663)	2,988,488
Less accumulated depreciation for				
Building and improvements	(218,000)	(15,771)	--	(233,771)
Equipment	(892,346)	(70,081)	10,887	(951,540)
Vehicles	(18,163)	(1,190)	3,910	(15,443)
Completed assets not classified	(3,352)	(3,232)	3,352	(3,232)
Total	(1,131,861)	(90,274) ⁽¹⁾	18,149	(1,203,986)
Other capital assets, net	1,658,489	142,527	(16,514)	1,784,502
Construction work in progress	193,753	189,953	(223,221)	160,485
Nuclear fuel, net of amortization	19,438	--	(1,336)	18,102
Plant held for future use	31,379	--	--	31,379
Business-type activities capital assets, net	\$ 1,935,790	332,626	(241,071)	2,027,345

(1) Components of accumulated depreciation increases:

Current year depreciation	\$ 90,253
Transfer from Governmental activities	11
Transfer from Water and Wastewater activities	10
	<u>\$ 90,274</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Water and Wastewater Activities

Capital asset activity for the year ended September 30, 2002 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and improvements	\$ 135,154	171	--	135,325
Total	<u>135,154</u>	<u>171</u>	<u>--</u>	<u>135,325</u>
Other capital assets				
Building and improvements	1,323,646	45,303	(12,835)	1,356,114
Equipment	462,196	2,173	(12,357)	452,012
Vehicles	15,996	8,510	(3,303)	21,203
Completed assets not classified	158,323	140,574	(23,362)	275,535
Total	<u>1,960,161</u>	<u>196,560</u>	<u>(51,857)</u>	<u>2,104,864</u>
Less accumulated depreciation for				
Building and improvements	(426,500)	(30,510)	12,492	(444,518)
Equipment	(150,318)	(16,397)	12,292	(154,423)
Vehicles	(14,313)	(1,932)	3,274	(12,971)
Completed assets not classified	(1,861)	(3,095)	316	(4,640)
Total	<u>(592,992)</u>	<u>(51,934)⁽¹⁾</u>	<u>28,374</u>	<u>(616,552)</u>
Other capital assets, net	<u>1,367,169</u>	<u>144,626</u>	<u>(23,483)</u>	<u>1,488,312</u>
Construction work in progress	<u>155,018</u>	<u>106,409</u>	<u>(157,327)</u>	<u>104,100</u>
Business-type activities capital assets, net	<u>\$ 1,657,341</u>	<u>251,206</u>	<u>(180,810)</u>	<u>1,727,737</u>

(1) Components of accumulated depreciation increases:

Current year depreciation	\$ 51,740
Transfer from Governmental activities	47
Transfer from Electric activities	43
Transfer from nonmajor enterprise activities	104
	<u>\$ 51,934</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport Activities

Capital asset activity for the year ended September 30, 2002 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and improvements	\$ 58,690	--	--	58,690
Arts and treasures	405	--	--	405
Total	<u>59,095</u>	<u>--</u>	<u>--</u>	<u>59,095</u>
Other capital assets				
Building and improvements	638,615	6,590	(68,946)	576,259
Equipment	15,045	685	(1,300)	14,430
Vehicles	1,616	1,436	(16)	3,036
Completed assets not classified	10,271	13,107	(1,526)	21,852
Total	<u>665,547</u>	<u>21,818</u>	<u>(71,788)</u>	<u>615,577</u>
Less accumulated depreciation for				
Building and improvements	(119,622)	(14,813)	68,777	(65,658)
Equipment	(5,154)	(792)	1,233	(4,713)
Vehicles	(1,418)	(282)	15	(1,685)
Completed assets not classified	(193)	(323)	193	(323)
Total	<u>(126,387)</u>	<u>(16,210)(1)</u>	<u>70,218</u>	<u>(72,379)</u>
Other capital assets, net	<u>539,160</u>	<u>5,608</u>	<u>(1,570)</u>	<u>543,198</u>
Construction work in progress	<u>10,404</u>	<u>17,172</u>	<u>(19,774)</u>	<u>7,802</u>
Business-type activities capital assets, net	<u>\$ 608,659</u>	<u>22,780</u>	<u>(21,344)</u>	<u>610,095</u>

(1) Components of accumulated depreciation increases:

Current year depreciation	\$ 16,210
	<u>\$ 16,210</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Activities

Capital asset activity for the year ended September 30, 2002 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and improvements	\$ 40,071	200	--	40,271
Arts and treasures	268	--	--	268
Total	<u>40,339</u>	<u>200</u>	<u>--</u>	<u>40,539</u>
Other capital assets				
Building and improvements	183,910	116,918	(1)	300,827
Equipment	13,468	9,282	(545)	22,205
Vehicles	16,917	25,071	(4,078)	37,910
Completed assets not classified	39,994	54,148	(20,555)	73,587
Total	<u>254,289</u>	<u>205,419</u>	<u>(25,179)</u>	<u>434,529</u>
Less accumulated depreciation for				
Building and improvements	(63,495)	(9,027)	8	(72,514)
Equipment	(13,838)	(2,052)	489	(15,401)
Vehicles	(14,964)	(3,317)	3,150	(15,131)
Completed assets not classified	(1,141)	(1,047)	927	(1,261)
Total	<u>(93,438)</u>	<u>(15,443)</u> (1)	<u>4,574</u>	<u>(104,307)</u>
Other capital assets, net	<u>160,851</u>	<u>189,976</u>	<u>(20,605)</u>	<u>330,222</u>
Construction work in progress	<u>146,981</u>	<u>72,980</u>	<u>(181,472)</u>	<u>38,489</u>
Business-type activities capital assets, net	<u>\$ 348,171</u>	<u>263,156</u>	<u>(202,077)</u>	<u>409,250</u>

(1) Components of accumulated depreciation increases:

Current year depreciation	\$ 14,860
Transfer from Governmental activities	583
	<u>\$ 15,443</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities

Capital asset activity for the year ended September 30, 2002 was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not being depreciated				
Land and improvements	\$ 266,646	517	--	267,163
Arts and treasures	673	--	--	673
Total	<u>267,319</u>	<u>517</u>	<u>--</u>	<u>267,836</u>
Other capital assets				
Building and improvements	2,707,918	173,893	(81,816)	2,799,995
Equipment	2,496,282	221,394	(20,707)	2,696,969
Vehicles	54,170	38,531	(11,185)	81,516
Completed assets not classified	411,977	211,097	(58,096)	564,978
Total	<u>5,670,347</u>	<u>644,915</u>	<u>(171,804)</u>	<u>6,143,458</u>
Less accumulated depreciation for				
Building and improvements	(827,617)	(70,121)	81,277	(816,461)
Equipment	(1,061,656)	(89,312)	24,891	(1,126,077)
Vehicles	(48,858)	(6,574)	10,202	(45,230)
Completed assets not classified	(6,547)	(7,697)	4,788	(9,456)
Total	<u>(1,944,678)</u>	<u>(173,704)(2)</u>	<u>121,158</u>	<u>(1,997,224)</u>
Other capital assets, net	<u>3,725,669</u>	<u>471,211</u>	<u>(50,646)</u>	<u>4,146,234</u>
Construction work in progress	506,156	386,514	(581,794)	310,876
Nuclear fuel, net of amortization	19,438	--	(1,336)	18,102
Plant held for future use	31,379	--	--	31,379
Business-type activities capital assets, net	<u>\$ 4,549,961</u>	<u>858,242</u>	<u>(633,776)</u>	<u>4,774,427</u>

(1) Increases and decreases do not include transfers within business-type activities.

(2) Depreciation expense was charged to functions as follows (in thousands):

Business-type activities:

Electric	\$ 90,253
Water and Wastewater	51,740
Airport	16,210
Nonmajor enterprise funds	14,860
Total business-type activities depreciation expense	<u>173,063</u>
Transfers	641
Total increases in accumulated depreciation	<u>\$ 173,704</u>

8 – RETIREMENT PLANS

a -- Description

The City participates in funding three contributory, defined benefit retirement plans: City of Austin Employees' Retirement and Pension Fund, City of Austin Police Officers' Retirement and Pension Fund, and Fire Fighters' Relief and Retirement Fund of Austin, Texas. An independent board of trustees administers each plan. These plans are City-wide single employer funded plans that cover substantially all full-time employees. The fiscal year of each pension fund ends December 31. The most recently available financial statements of the pension funds are for the year ended December 31, 2001. Membership in the plans at December 31, 2001 is as follows:

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	3,204	289	363	3,856
Current employees	7,713	1,277	915	9,905
Total	<u>10,917</u>	<u>1,566</u>	<u>1,278</u>	<u>13,761</u>

Each plan provides service retirement, death, disability and withdrawal benefits. State law governs benefit and contribution provisions. Amendments may be made by the Legislature of the State of Texas.

Financial reports that include financial statements and supplementary information for each plan are publicly available at the locations shown below.

Plan	Address	Telephone
Employees' Retirement and Pension Fund	418 E. Highland Mall Blvd. Austin, Texas 78752	(512)458-2551
Police Officers' Retirement and Pension Fund	P.O. Box 684808 Austin, Texas 78768-4808	(512)416-7672
Fire Fighters' Relief and Retirement Fund	3301 Northland Drive, Suite 215 Austin, Texas 78731	(512)454-9567

8 – RETIREMENT PLANS, continued

b -- Funding Policy

	City of Austin Employees' Retirement and Pension Fund	City of Austin Police Officers' Retirement and Pension Fund	Fire Fighters' Relief and Retirement Fund
Authority establishing contributions obligation	State Legislation	State Legislation	State Legislation
Frequency of contribution	Biweekly	Biweekly	Biweekly
Employee's contribution (percent of earnings)	8.0%	9.0%	13.70%
City's contribution (percent of earnings)	8.0% (1)	18.0%	18.05%

(1) The City contributes two-thirds of the cost of prior service benefit payments.

While the contribution requirements are not actuarially determined, state law requires that a qualified actuary approve each plan of benefits adopted. The actuary of each plan has certified that the contribution commitment by the participants and the City provides an adequate financing arrangement. Contributions for fiscal year ended September 30, 2002, are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
City	\$ 25,986	12,160	9,089	47,235
Employees	26,015	6,080	6,899	38,994
Total contributions	\$ 52,001	18,240	15,988	86,229

c-- Annual Pension Cost and Net Pension Obligation

The City's annual pension cost of \$47,235,000 for fiscal year ended September 30, 2002, was equal to the City's required and actual contributions. Three-year trend information is as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
City's Annual Pension Cost (APC):				
2000	\$ 20,458	9,834	7,984	38,276
2001	24,118	8,429	10,738	43,285
2002	25,986	12,160	9,089	47,235
Percentage of APC contributed:				
2000	100%	100%	100%	N/A
2001	100%	100%	100%	N/A
2002	100%	100%	100%	N/A
Net Pension Obligation:				
2000	\$ --	--	--	--
2001	--	--	--	--
2002	--	--	--	--

8 – RETIREMENT PLANS, continued

Actuarial valuations of the plans are performed every two years. Actuarial updates are done in each year following the full valuation. The latest actuarial valuations were completed as of December 31, 2001. The actuarial cost method and significant assumptions underlying the actuarial calculations are as follows:

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Basis	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation Rate	4%	4%	5.0%
Projected Annual Salary Increases	4.5% to 14.5%	6.8% average	6.5%
Post retirement benefit increase	None	None	3.5% effective January 1, 2003 through January 1, 2004 and, 1% annually thereafter
Assumed Rate of Return on Investments	8%	8%	8%
Amortization method	Level percent of projected pay, open	Level percent of projected pay, open	Level percent of projected pay, open
Remaining Amortization Period	17 years	18.8 years	26.5 years

d -- Trend Information (Unaudited)

Information pertaining to the latest actuarial valuations for each Plan is as follows (in thousands):

Valuation Date, December 31st	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
City Employees						
1995	\$ 707,300	623,000	(84,300)	113.5%	221,000	(38.1%)
1997	856,423	832,140	(24,283)	102.9%	219,208	(11.1%)
1999	1,105,100	1,044,500	(60,600)	105.8%	244,500	(24.8%)
2001	1,311,288	1,360,270	48,982	96.4%	316,793	15.5%
Police Officers						
1995	\$ 127,572	164,865	37,293	77.4%	36,211	103.0%
1997	168,602	222,703	54,101	75.7%	47,189	114.6%
1999	226,913	257,850	30,937	88.0%	54,695	56.6%
2001	284,761	347,548	62,787	81.9%	69,707	90.1%
Fire Fighters						
1995	\$ 213,403	236,994	23,591	90.0%	32,496	72.6%
1997	268,241	279,472	11,231	96.0%	35,130	32.0%
1999	341,593	317,223	(24,370)	107.7%	38,690	(63.0%)
2001	395,371	406,266	10,895	97.3%	49,726	21.9%

(1) UAAL – Unfunded Actuarial Accrued Liability (Excess)

9 – SELECTED REVENUES

a -- Major enterprise funds

Electric and Water and Wastewater

The Texas Public Utility Commission has jurisdiction over electric utility wholesale transmission rates. The City Council has jurisdiction over all other electric utility rates and over all water and wastewater utility rates and other services. The Council determines water and wastewater utility and electric utility rates based on the cost of operations and a debt service coverage approach.

Under a bill passed by the Texas Legislature in 1999, municipally owned electric utilities such as the City's utility system have the option of offering retail competition after January 1, 2002. At September 30, City management had decided not to enter the retail market, as allowed by State law. Because the effects of entering retail competition are uncertain, a change in accounting policy is not warranted at this time.

Electric rates include a fixed rate and a fuel recovery cost-adjustment factor that allows recovery of coal, gas, purchased power, and other fuel costs. If actual fuel costs differ from amounts billed to customers, deferred or unbilled revenues are recorded by the Electric utility. Any over- or under-collections are applied to the cost-adjustment factor. The fuel factor is revised annually on a calendar year basis or when over- or under-recovery is more than 10% of expected fuel costs.

Airport

The City has entered into certain lease agreements as lessor for concessions at the Airport. These lease agreements qualify as operating leases for accounting purposes. In fiscal year 2002, the Airport Fund revenues included minimum concession guarantees of \$8,768,614.

b – Nonmajor enterprise funds

Hospital

Effective October 1, 1995, the City entered into a long-term lease arrangement with the Daughters of Charity Health Services of Austin ("Seton") to operate City-owned Brackenridge Hospital. The lease term is 30 years. This lease agreement qualifies as an operating lease for accounting purposes. The lease agreement specifies a minimum lease payment in addition to a supplemental rent payment based on approximately 46% of net disproportionate share revenue proceeds. In fiscal year 2002, the Hospital Fund revenues included minimum lease payments of \$1.85 million and additional rent of \$8.1 million.

During fiscal year 2002, the City amended the lease agreement to accommodate certain reproductive services that Seton can no longer perform. The overall purpose of the amendment is to separate Seton from the management, governance and operation of a facility in which procedures may occur which are inconsistent with the *Ethical and Religious Directives for Catholic Health Care Services*.

The result of the lease amendment has resulted in a separately licensed hospital to be operated by the City. The hospital will occupy the 5th floor of the current Brackenridge building. The separately licensed hospital will help accommodate growing demand for obstetrical facilities at Brackenridge in addition to performing reproductive services. The total cost of the facility is estimated to be approximately \$ 9.3 million. It is scheduled to open in July 2003.

Certain adjustments to the scheduled lease payments have resulted from the lease amendment. Seton reduced the annual lease payment by \$ 58,740 in July 2002, when construction of the new facility began. The reduced lease payment represents the reduction in leased space that Seton is utilizing. Beginning in July 2003, the annual lease payment will be reduced for construction costs related to the expansion of obstetrical facilities, which is estimated to be approximately \$ 6.8 million. The costs will be amortized over a period of 22.25 years, which is the remaining life of the lease agreement.

9 – SELECTED REVENUES, continued

The following is a schedule by year of minimum future rentals on noncancelable operating leases up to a term of twenty years for the Airport Fund and thirty years for the Hospital Fund as of September 30, 2002. Amounts for the Hospital Fund do not include supplemental rent payments as discussed above (in thousands):

Fiscal Year Ended September 30	Major Airport Fund	Nonmajor Hospital Fund
2003	\$ 8,276	1,677
2004	7,724	1,290
2005	6,737	1,290
2006	6,734	1,290
2007	6,732	1,290
2008-2012	11,539	6,449
2013-2017	400	6,449
2018-2022	240	6,449
2023-2025	--	3,869
Totals	<u>\$ 48,382</u>	<u>30,053</u>

10 – DEBT AND NON-DEBT LIABILITIES

a – Short-Term Debt

The following is a summary of changes in short-term debt. Short-term debt provides financing to governmental activities. This debt was issued for interim financing of General Fund operations. Balances at September 30, 2002 are (in thousands):

Description	September 30, 2001	Increases	Decreases	September 30, 2002	Amounts Due Within One Year
Governmental activities					
Tax anticipation notes	\$ --	4,800	--	4,800	4,800

In May 2002, the City issued Tax Anticipation Notes, Series 2002, in the amount of \$4,800,000. The principal and interest are due on April 1, 2003. Interest rates on the notes range from 1.60% to 5.50%, adjusted monthly, with a maximum due of \$137,600.

10 – DEBT AND NON-DEBT LIABILITIES, continued

b – Long-Term Liabilities

The following is a summary of long-term liabilities. Balances at September 30, 2002 are (in thousands):

Description	Governmental Activities	Business- Type Activities	Total
Long-term obligations			
General obligation bonds	\$ 666,993	24,281	691,274
Contractual obligations	24,418	11,137	35,555
Certificates of obligation	99,309	36,780	136,089
Other tax supported debt	--	12,756	12,756
Commercial paper notes	--	358,715	358,715
Revenue notes	--	28,000	28,000
Revenue bonds	--	3,157,900	3,157,900
Contract revenue bonds	--	22,755	22,755
Capital lease obligations	--	16,637	16,637
Less deferred amounts:			
Unamortized discounts	(370)	(38,736)	(39,106)
Unamortized gain(loss) on refundings	(499)	(8,248)	(8,747)
Unamortized premiums	5,176	62,096	67,272
	795,027	3,684,073	4,479,100
Other long-term obligations			
Accrued compensated absences	64,200	21,179	85,379
Claims payable	33,381	--	33,381
Decommissioning expense payable	--	81,727	81,727
Accrued landfill closure and postclosure costs	--	7,188	7,188
Deferred credits and other liabilities	70,548	488,739	559,287
	168,129	598,833	766,962
Total long-term obligations	\$ 963,156	4,282,906	5,246,062

This schedule excludes short-term liabilities of \$54,099 for governmental activities and \$200,067 for business-type activities and long-term interest payable of \$141,390 for business-type activities.

Payments on bonds payable for governmental activities will be made in the General Obligation Debt Service Funds. Accrued compensated absences that pertain to governmental activities will be liquidated by the General Fund and Special Revenue Funds. Claims payable will be liquidated by Internal Service Funds. Deferred credits and other liabilities that pertain to governmental activities will be liquidated by the General Fund, Special Revenue Funds, and General Government Capital Improvement Projects Funds.

Internal Service Funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included in governmental activities.

10 – DEBT AND NON-DEBT LIABILITIES, continued

The following is a summary of changes in long-term obligations. Certain long-term obligations provide financing to both governmental and business-type activities. Balances at September 30, 2002 are (in thousands):

Description	September 30, 2001	Increases	Decreases	September 30, 2002	Amounts Due Within One Year
Governmental activities (1)					
General obligation bonds	\$ 508,975	193,950	(35,932)	666,993	35,268
Contractual obligations	20,344	8,965	(4,891)	24,418	5,568
Certificates of obligation	24,005	78,000	(2,696)	99,309	4,631
Tax notes	15,400	--	(15,400)	--	--
Less deferred amounts:					
Unamortized discounts	(460)	--	90	(370)	--
Unamortized gain(loss) on refundings	297	(800)	4	(499)	--
Unamortized premiums	5,446	(273)	3	5,176	--
Other long-term obligations					
Accrued compensated absences	58,902	8,091	(2,793)	64,200	4,762
Claims payable	23,517	19,297	(9,433)	33,381	23,529
Deferred credits and other liabilities	75,604	377	(5,433)	70,548	57,261
Governmental activities total	732,030	307,607	(76,481)	963,156	131,019
Business-type activities:					
Electric activities					
General obligation bonds	1,336	--	(5)	1,331	6
Contractual obligations	1,730	--	(331)	1,399	357
Commercial paper notes	150,703	50,170	--	200,873	--
Revenue bonds	1,503,330	247,630	(362,304)	1,388,656	67,081
Capital lease obligations	11,473	--	(1,436)	10,037	1,533
Less deferred amounts:					
Unamortized discounts	(22,745)	(1,221)	10,551	(13,415)	--
Unamortized premiums	25,322	22,132	(10,083)	37,371	--
Other long-term obligations					
Accrued compensated absences	9,250	2,183	(1,497)	9,936	5,447
Decommissioning expense payable	72,591	9,136	--	81,727	--
Deferred credits and other liabilities	71,838	117,181	(98,500)	90,519	22,534
Electric activities total	1,824,828	447,211	(463,605)	1,808,434	96,958
Water and Wastewater activities					
General obligation bonds	14,050	--	(2,395)	11,655	1,992
Contractual obligations	6,447	1,765	(1,311)	6,901	1,532
Other tax supported debt	13,825	--	(1,069)	12,756	1,091
Commercial paper notes	78,226	79,616	--	157,842	--
Revenue bonds	1,131,975	235,075	(213,646)	1,153,404	19,745
Contract revenue bonds	76,725	--	(53,970)	22,755	2,355
Capital lease obligations	7,450	--	(850)	6,600	900
Less deferred amounts:					
Unamortized discounts	(22,080)	(1,026)	7,521	(15,585)	--
Unamortized premiums	10,886	16,730	(3,758)	23,858	--
Other long-term obligations					
Accrued compensated absences	4,710	286	(31)	4,965	2,983
Deferred credits and other liabilities	376,075	68,201	(53,174)	391,102	1,906
Water and Wastewater activities total	\$ 1,698,289	400,647	(322,683)	1,776,253	32,504

(continued)

(1) Internal Service Funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included in governmental activities.

10 – DEBT AND NON-DEBT LIABILITIES, continued

Description	September 30, 2001	Increases	Decreases	September 30, 2002	Amounts Due Within One Year
Business-type activities (continued):					
Airport activities					
General obligation bonds	\$ 645	--	(74)	571	72
Contractual obligations	305	--	(58)	247	63
Revenue notes	28,000	--	--	28,000	--
Revenue bonds	374,245	--	(3,255)	370,990	5,630
Less deferred amounts:					
Unamortized discounts	(7,615)	--	476	(7,139)	--
Unamortized gain(loss) on refundings	(1,557)	--	73	(1,484)	--
Unamortized premiums	19	--	(4)	15	--
Other long-term obligations					
Accrued compensated absences	1,139	107	--	1,246	794
Deferred credits and other liabilities	8,341	--	(3,242)	5,099	288
Airport activities total	403,522	107	(6,084)	397,545	6,847
Nonmajor activities					
General obligation bonds	11,613	--	(889)	10,724	908
Contractual obligations	2,863	435	(708)	2,590	775
Certificates of obligation	16,934	21,430	(1,584)	36,780	1,694
Revenue bonds	247,940	--	(3,090)	244,850	3,255
Less deferred amounts:					
Unamortized discounts	(2,815)	--	218	(2,597)	--
Unamortized gain(loss) on refundings	(7,230)	--	466	(6,764)	--
Unamortized premiums	860	81	(89)	852	--
Other long-term obligations					
Accrued compensated absences	3,895	16,110	(14,973)	5,032	3,192
Accrued landfill closure and postclosure costs	6,904	284	--	7,188	--
Deferred credits and other liabilities	1,375	2,589	(1,945)	2,019	564
Nonmajor activities total	282,339	40,929	(22,594)	300,674	10,388
Total business-type activities					
General obligation bonds	27,644	--	(3,363)	24,281	2,978
Contractual obligations	11,345	2,200	(2,408)	11,137	2,727
Certificates of obligation	16,934	21,430	(1,584)	36,780	1,694
Other tax supported debt	13,825	--	(1,069)	12,756	1,091
Commercial paper notes	228,929	129,786	--	358,715	--
Revenue notes	28,000	--	--	28,000	--
Revenue bonds	3,257,490	482,705	(582,295)	3,157,900	95,711
Contract revenue bonds	76,725	--	(53,970)	22,755	2,355
Capital lease obligations	18,923	--	(2,286)	16,637	2,433
Less deferred amounts:					
Unamortized discounts	(55,255)	(2,247)	18,766	(38,736)	--
Unamortized gain(loss) on refundings	(8,787)	--	539	(8,248)	--
Unamortized premiums	37,087	38,943	(13,934)	62,096	--
Other long-term obligations					
Accrued compensated absences	18,994	18,686	(16,501)	21,179	12,416
Decommissioning expense payable	72,591	9,136	--	81,727	--
Accrued landfill closure and postclosure costs	6,904	284	--	7,188	--
Deferred credits and other liabilities	457,629	187,971	(156,861)	488,739	25,292
Business-type activities total	4,208,978	888,894	(814,966)	4,282,906	146,697
Total long-term liabilities	\$ 4,941,008	1,196,501	(891,447)	5,246,062	277,716

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all limitations and restrictions.

10 – DEBT AND NON-DEBT LIABILITIES, continued

c – Governmental Activities Long-Term Liabilities

General Obligation Bonds - General obligation debt is collateralized by the full faith and credit of the City. The City intends to retire its general obligation debt, plus interest, from future ad valorem tax levies, and is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. General obligation debt issued to finance capital assets of enterprise funds is reported as an obligation of these enterprise funds, although the funds are not obligated by the applicable bond indentures to repay any portion of principal and interest on outstanding general obligation debt. However, the City intends for the enterprise funds to meet the debt service requirements.

The following table summarizes significant facts about general obligation bonds, certificates of obligation, contractual obligations, and assumed municipal utility district (MUD) bonds outstanding at September 30, 2002, including those reported in certain proprietary funds (in thousands):

Series	Date Issued	Original Issue	Amount Outstanding at September 30, 2002	Aggregate Interest Requirements at September 30, 2002	Interest Rates Of Debt Outstanding at September 30, 2002	Maturity Dates Of Serial Debt
Series 1993	February, 1993	\$ 71,600	\$ 62,280	\$12,468 (1)	5.40 - 5.75%	9/1/2003-2009
Series 1993	October, 1993	25,000	17,770	5,418 (1)	4.25 - 4.75%	9/1/2003-2013
Series 1993	October, 1993	6,435	4,575	1,395 (1)	4.25 - 4.75%	9/1/2003-2013
Series 1993A	October, 1993	70,230	42,230	8,000 (1)	4.30 - 5.00%	9/1/2003-2010
Series 1994	October, 1994	33,260	4,000	396 (1)	5.20 - 5.40%	9/1/2003-2005
Series 1994	October, 1994	3,550	330	26 (1)	5.20 - 5.30%	9/1/2003-2004
Series 1995	October, 1995	30,250	2,085	436 (1)	7.30 - 7.75%	9/1/2003-2005
Series 1995	October, 1995	8,660	1,195	130 (1)	4.75 - 6.00%	9/1/2003-2005
Series 1996	October, 1996	30,550	13,525	5,122 (1)	4.80 - 6.00%	9/1/2003-2011
Series 1996	October, 1996	11,755	2,880	139 (2)	4.70 - 4.80%	11/1/2002-2003
Series 1997	October, 1997	29,295	28,415	15,734 (1)	5.00 - 5.75%	9/1/2003-2017
Series 1997	October, 1997	13,975	5,540	380 (2)	4.50%	11/1/2002-2004
Series 1997	October, 1997	2,120	1,775	812 (1)	4.50 - 6.70%	9/1/2003-2017
Series 1998	January, 1998	110,300	110,090	45,013 (1)	4.60 - 5.25%	9/1/2003-2016
Assumed MUD Debt	December, 1997	33,680	15,158	9,642 (3)	4.40 - 10.50%	11/15/2002-2021
Series 1998	October, 1998	13,430	13,230	7,170 (1)	4.40 - 7.13%	9/1/2003-2018
Series 1998	October, 1998	22,770	20,065	9,145 (1)	4.10 - 7.00%	9/1/2003-2018
Series 1998	October, 1998	14,975	9,030	763 (2)	3.90 - 4.25%	11/1/2002-2005
Series 1999	October, 1999	51,100	50,590	35,030 (1)	4.25 - 5.75%	9/1/2003-2019
Series 1999	October, 1999	10,335	7,080	863 (2)	4.50 - 4.75%	11/1/2002-2006
Series 1999	October, 1999	5,590	5,060	2,804 (1)	5.00 - 6.00%	9/1/2003-2019
Series 2000	October, 2000	52,930	51,245	37,717 (1)	4.35 - 6.00%	9/1/2003-2020
Series 2000	October, 2000	6,060	5,710	3,300 (1)	5.00 - 5.38%	9/1/2003-2020
Series 2001	June, 2001	123,445	99,335	25,377 (1)	4.75 - 5.50%	9/1/2003-2022
Series 2001	October, 2001	79,650	79,650	48,980 (1)	4.00 - 5.25%	9/1/2003-2021
Series 2001	October, 2001	65,335	63,285	28,078 (1)	4.00 - 5.25%	9/1/2003-2021
Series 2001	October, 2001	2,650	2,510	328 (2)	3.00 - 3.88%	11/1/2002-2008
Series 2002	July, 2002	12,190	12,190	5,650 (1)	3.00 - 5.00%	9/1/2003-2017
Series 2002	July, 2002	2,495	2,495	491 (1)	4.00 - 5.00%	9/1/2003-2009
Series 2002	September, 2002	99,615	99,615	56,488 (1)	2.00 - 5.00%	9/1/2003-2022
Series 2002	September, 2002	34,095	34,095	18,685 (1)	2.50 - 5.38%	9/1/2003-2022
Series 2002	September, 2002	8,690	8,690	1,108 (2)	2.50 - 4.00%	5/1/2003-2009
			<u>\$ 875,723</u>			

(1) Interest is paid semiannually on March 1 and September 1.

(2) Interest is paid semiannually on May 1 and November 1.

(3) Interest is paid four times a year on March 1, May 15, September 1, and November 15.

10 – DEBT AND NON-DEBT LIABILITIES, continued

In October 2001, the City issued Public Improvement Bonds, Series 2001, in the amount of \$79,650,000. The proceeds from the issue will be used as follows: land acquisition and libraries (\$6,310,000); asbestos abatement (\$1,000,000); street improvements (\$35,555,000); park and recreation facilities (\$8,920,000); emergency centers (\$4,565,000); Carver Museum expansion (\$2,300,000); right of way acquisition and utility relocation (\$15,000,000); and police forensics (\$6,000,000). These bonds will be amortized serially on September 1 of each year from 2004 to 2021. Certain of these bonds are callable beginning September 1, 2012. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2002. Total interest requirements for these bonds, at rates ranging from 4% to 5.25%, are \$53,100,504.

In October 2001, the City issued Public Property Finance Contractual Obligations, Series 2001, in the amount of \$2,650,000. The proceeds from the issue will be used as follows: police helicopter (\$1,385,000) and capital equipment (\$1,265,000). These contractual obligations will be amortized serially on May 1 of each year from 2002 to 2008. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2002. The contractual obligations are not subject to optional redemption prior to maturity. Total interest requirements for these obligations, at rates ranging from 3% to 3.88%, are \$391,720.

In October 2001, the City issued Certificates of Obligation, Series 2001, in the amount of \$65,335,000. The proceeds from the issue will be used as follows: developer reimbursements (\$500,000); right of way acquisition and utility relocation (\$29,500,000); convention center (\$10,000,000); golf course improvements (\$620,000); north service center (\$3,545,000); City Hall (\$19,150,000); and landfill capital requirements (\$2,020,000). These certificates of obligation will be amortized serially on September 1 of each year from 2002 to 2021. Certain of these obligations are callable beginning September 1, 2012. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2002. Total interest requirements for these obligations, at rates ranging from 4% to 5.25%, are \$31,414,665.

In July 2002, the City issued Public Improvement Refunding Bonds, Series 2002, in the amount of \$12,190,000 and Public Improvement Refunding Bonds, Taxable Series 2002, in the amount of \$2,495,000. The net proceeds of \$14,451,114 (after issue costs and premiums) from both refundings were used to refund \$13,900,000 of Tax Notes, Series 1997. The refunding resulted in future interest requirements to service the debt of \$6,141,295 with an average interest rate of 4.30%. There was no economic gain or loss as a result of the transaction. The change in net cash flows that resulted from the refunding was \$5,127,295. An accounting gain of \$551,114, which will be deferred and amortized, was recognized on this refunding. The refunded bonds are considered to be legally defeased and the liability for the refunded bonds has been removed from the long-term liabilities.

In September 2002, the City issued Public Improvement Bonds, Series 2002, in the amount of \$99,615,000. The proceeds from the issue will be used as follows: street improvements (\$28,452,000); right of way acquisition and utility relocation (\$15,000,000); asbestos abatement (\$1,070,000); parks and recreation facilities (\$12,685,000); police forensics (\$5,415,000); emergency centers (\$8,335,000); library and cultural center expansions (\$20,725,000); land acquisition (\$4,015,000); and creek improvements (\$3,918,000). These bonds will be amortized serially on September 1 of each year from 2003 to 2022. Certain of these bonds are callable beginning September 1, 2017. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2003. The total interest requirements for these bonds, at rates ranging from 2% to 5%, are \$56,487,511.

In September 2002, the City issued Public Property Finance Contractual Obligations, Series 2002, in the amount of \$8,690,000. The proceeds from the issue will be used as follows: homeland security equipment (\$175,000); upgrades to communication technology (\$4,580,000); Solid Waste Services capital equipment additions (\$3,000,000); capital equipment vehicles (\$500,000); and equipment replacement (\$435,000). These contractual obligations will be amortized serially on May 1 of each year from 2003 to November 1, 2009. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2003. The contractual obligations are not subject to optional redemption prior to maturity. The total interest requirement for these obligations, at rates ranging from 2.5% to 3.4%, are \$1,108,404.

In September 2002, the City issued Certificates of Obligation, Series 2002, in the amount of \$34,095,000. The proceeds from the issue will be used as follows: golf course improvements (\$250,000); Fleet Service Center No. 6 (\$600,000); School for the Deaf (\$5,400,000); City Hall (\$18,805,000); Walnut Creek reimbursables (\$8,540,000); and developer reimbursements (\$500,000). The certificates of obligation will be amortized serially on September 1 of each year from 2003 to 2022. Certain of these obligations are callable beginning September 1, 2018. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2003. Total interest requirement for these obligations, at rates ranging from 2.5% to 5.4%, are \$18,685,110.

10 – DEBT AND NON-DEBT LIABILITIES, continued

General obligation bonds authorized and unissued amount to \$255,890,000 at September 30, 2002. Bond ratings at September 30, 2002, were Aa2 (Moody's Investor Services, Inc.), AA+ (Standard & Poor's) and AA+ (Fitch).

d – Business-Type Activities Long-Term Liabilities

Utility Debt – The City has previously issued combined debt for the Electric and Water and Wastewater utilities. The City began issuing separate debt for electric and water and wastewater activities. The following paragraphs describe both combined and separate debt.

Combined Utility Systems Debt -- General - The City's Electric Fund and Water and Wastewater Fund comprise the Combined Utility Systems, which issue Combined Utility Systems revenue bonds to finance Electric Fund and Water and Wastewater Fund capital projects. Principal and interest on these bonds are payable solely from the combined net revenues of the Electric Fund and Water and Wastewater Fund.

The total Combined Utility Systems revenue bond obligations at September 30, 2002, exclusive of discounts and premiums, consist of \$1,350,330,069 prior lien bonds and \$256,944,512 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$1,169,271,532 at September 30, 2002. Revenue bonds authorized and unissued amount to \$1,492,642,660 at that date. Bond ratings at September 30, 2002 for the prior lien and subordinate lien bonds were, respectively, A2 and A2 (Moody's Investor Services, Inc.), A and A- (Standard & Poor's), and A+ and A+ (Fitch).

Combined Utility Systems Debt -- Revenue Bond Refunding Issues - The Combined Utility Systems have refunded various issues of revenue bonds, notes, and certificates of obligation through refunding revenue bonds. Principal and interest on these refunding bonds are payable solely from the combined net revenues of the City's Electric Fund and Water and Wastewater Fund. The prior lien bonds are subordinate only to the prior lien revenue bonds outstanding at the time of issuance, while the subordinate lien bonds are subordinate to prior lien revenue bonds and to subordinate lien revenue bonds outstanding at the time of issuance.

Some of these bonds are callable prior to maturity at the option of the City. The term bonds are subject to a mandatory redemption prior to the maturity dates as defined in the respective official statements.

The net proceeds of each of the refunding bond issuances were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service. As a result, the refunded bonds are considered to be legally defeased and the liability for the refunded bonds has been removed from the financial statements. The accounting gains and losses due to the advance refunding of debt have been deferred and are being amortized over the life of the refunding bonds by the straight-line method. However, a gain or loss on refunded bonds is recognized when funds from current operations are used.

10 – DEBT AND NON-DEBT LIABILITIES, continued

Combined Utility Systems Debt -- Bonds Issued and Outstanding - The following schedule shows the original and refunding revenue bonds outstanding at September 30, 2002 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2002
1987	May 1987	\$ 65,000	\$ 895
1989	July 1989	65,800	1,845
1990AB Refunding	February 1990	236,009	9,404
1992 Refunding	March 1992	265,806	34,636
1992A Refunding	May 1992	351,706	143,666
1993 Refunding	February 1993	203,166	165,506
1993A Refunding	June 1993	263,410	159,609
1994	May 1994	3,500	2,650
1994 Refunding	October 1994	142,559	107,159
1995 Refunding	June 1995	151,770	7,670
1996AB Refunding	September 1996	249,235	243,795
1997 Refunding	August 1997	227,215	218,210
1998 Refunding	August 1998	180,000	177,160
1998A Refunding	August 1998	123,020	80,775
1998 Refunding	November 1998	245,315	245,080
1998	November 1998	10,000	9,215
			<u>\$ 1,607,275</u>

Combined Utility Systems Debt -- Commercial Paper Notes - The City is authorized by ordinance to issue commercial paper notes in an aggregate principal amount not to exceed \$350,000,000 outstanding at any one time. Proceeds from the notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2002 were P-1 (Moody's Investor Services, Inc.), A-1 (Standard & Poor's), and F1+ (Fitch). The notes will be in denominations of \$100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the notes are payable from the combined net revenues of the City's Electric Fund and Water and Wastewater Fund.

At September 30, 2002, the Electric Fund had outstanding commercial paper notes of \$113,584,000 and the Water and Wastewater Fund had \$157,842,000, of commercial paper notes outstanding. Interest rates on the notes range from 1.20% to 2.05%, adjusted daily, and subsequent issues cannot exceed the maximum rate of 15%. The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.

Combined Utility Systems Debt -- Taxable Commercial Paper Notes - The City is authorized by ordinance to issue taxable commercial paper notes, (the "taxable notes"), in an aggregate principal amount not to exceed \$160,000,000 outstanding at any one time. Proceeds from the taxable notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2002 were P-1 (Moody's Investor Services, Inc.), A-1+ (Standard & Poor's), and F1+ (Fitch).

The taxable notes will be in denominations of \$100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the taxable notes are payable from the combined net revenues of the City's Electric Fund and Water and Wastewater Fund.

At September 30, 2002, the Electric Fund had outstanding taxable notes of \$86,925,276 (net of discount of \$363,724), and the Water and Wastewater Fund had no taxable notes outstanding. Interest rates on the taxable notes range from 1.76% to 1.81%, adjusted daily, and subsequent issues cannot exceed the maximum rate of 15%. The City intends to refinance maturing commercial paper notes by issuing long-term debt.

10 – DEBT AND NON-DEBT LIABILITIES, continued

Electric Utility System Revenue Debt -- General - The City is authorized by ordinance to issue electric utility system revenue obligations. Proceeds from these obligations are used only to fund electric capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of the Electric Fund.

Electric Utility System Revenue Debt -- Revenue Bond Refunding Issues - In March 2002, the City issued Electric Utility System Revenue Refunding Bonds, Series 2002, in an aggregate principal amount of \$74,750,000. Proceeds from the bond refunding were used to refund \$78,000,000 of the City's outstanding Combined Utility System Revenue Bonds issued for the Electric Utility System. The debt service requirements on the refunding bonds were \$112,031,709. An economic gain of \$4,212,822 was a result of this transaction. The change in net cash flows that resulted from the refunding was \$7,382,247. An accounting loss of \$5,785,636, which will be deferred and amortized in accordance with FASB Statement No. 71, was recognized on the refunding.

In August 2002, the City issued Electric Utility System Revenue Refunding Bonds, Series 2002A, in an aggregate principal amount of \$172,880,000. Proceeds from the bond refunding were used to refund \$203,855,000 of the City's outstanding Combined Utility System Revenue Bonds issued for the Electric Utility System. The debt service requirements on the refunding bonds were \$247,970,204. An economic gain of \$16,751,928 was a result of this transaction. The change in net cash flows that resulted from the refunding was \$44,197,634. An accounting loss of \$2,421,748, which will be deferred and amortized in accordance with FASB Statement No. 71, was recognized on the refunding.

Bond ratings at September 30, 2002 were A2 (Moody's Investor Services, Inc.), A- (Standard & Poor's) and A+ (Fitch).

Electric Utility System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes the electric system original and refunding revenue bonds outstanding at September 30, 2002 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2002
2001 Refunding	February 2001	\$ 126,700	\$ 126,700
2002 Refunding	March 2002	74,750	74,750
2002A Refunding	August 2002	172,880	172,880
			\$ 374,330

Water and Wastewater System Revenue Debt -- General - The City is authorized by ordinance to issue water and wastewater system revenue obligations. Proceeds from these obligations are used only to fund water and wastewater capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of the Water and Wastewater Fund.

Water and Wastewater System Revenue Debt -- Revenue Bond Refunding Issues - In November 2001, the City issued Water and Wastewater System Revenue Refunding Bonds, Series 2001C, in an aggregate principal amount of \$95,380,000. Proceeds from the bond refunding were used to refund \$49,295,000 of the City's outstanding Combined Utility System Revenue Bonds and \$47,365,000 of the City's outstanding Separate Lien Obligations issued for the Water and Wastewater Utility System. The debt service requirements on the refunding bonds were \$120,799,181. An economic gain of \$7,971,757 was a result of this transaction. The change in net cash flows that resulted from the refunding was \$8,066,956. An accounting loss of \$3,196,257, which will be deferred and amortized in accordance with FASB Statement No. 71, was a result of this refunding.

In August 2002, the City issued Water and Wastewater System Revenue Refunding Bonds, Series 2002A, in an aggregate principal amount of \$139,695,000. Proceeds from the bond refunding were used to refund \$145,925,000 of the City's outstanding Combined Utility Systems Revenue Bonds issued for the Water and Wastewater System. The debt service requirements on the refunding bonds were \$202,468,208. An economic gain of \$13,532,379 was a result of this transaction. The change in net cash flows that resulted from the refunding was \$13,962,491. An accounting loss of \$4,839,716, which will be deferred and amortized in accordance with FASB Statement No. 71, was recognized on the refunding.

Bond ratings at September 30, 2002 were A2 (Moody's Investor Services, Inc.), A- (Standard & Poor's) and A+ (Fitch).

10 – DEBT AND NON-DEBT LIABILITIES, continued

Water and Wastewater System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes the water and wastewater system original and refunding revenue bonds outstanding at September 30, 2002 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2002
2000 Refunding	June 2000	\$ 100,000	\$ 100,000
2001A Refunding	June 2001	152,180	152,180
2001B Refunding	June 2001	73,200	73,200
2001C Refunding	December 2001	95,380	95,380
2002A Refunding	August 2002	139,695	139,695
			<u>\$ 560,455</u>

Airport -- Revenue Bonds - The City's Airport Fund issues Airport System revenue bonds to fund Airport Fund capital projects. Principal and interest on these bonds are payable solely from the net revenues of the Airport Fund. The total Airport System obligation for prior lien bonds is \$370,990,000, exclusive of discount and loss on refunding, at September 30, 2002. Aggregate interest requirements for all prior lien bonds are \$336,678,901 at September 30, 2002. Revenue bonds authorized and unissued amount to \$735,795,000 at that date.

The following table summarizes the original and refunding revenue bonds outstanding at September 30, 2002 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2002
1989	September 1989	\$ 30,000	\$ 1,000
1995A	August 1995	362,205	339,860
1995B Refunding	August 1995	31,040	30,130
			<u>\$ 370,990</u>

Airport Debt -- Variable Rate Revenue Notes - The City is authorized to issue Airport System variable rate revenue notes, pursuant to Ordinance No. 950817B, as amended and restated by Ordinance 980205A adopted by the City Council on February 5, 1998. At September 30, 2002, the Airport System had outstanding variable rate revenue notes of \$28,000,000. The debt service fund required by the bond ordinance held assets of \$378,499, including accrued interest at September 30, 2002 and was restricted within the Airport System. During fiscal year 2002, interest rates on the notes ranged from 1.10% to 2.40%, adjusted weekly at market rates, and subsequent rate changes cannot exceed the maximum rate of 15%. Principal and interest on the notes are payable from the net revenues of the Airport System.

Nonmajor fund:

Convention Center -- Prior and Subordinate Lien Revenue Bonds - The City's Convention Center Fund issues Convention Center revenue bonds and Hotel Occupancy Tax revenue bonds to fund Convention Center Fund capital projects. Principal and interest on these bonds are payable solely from pledged hotel occupancy tax revenues and the special motor vehicle rental tax revenues. The total Convention Center obligation for prior and subordinate lien bonds is \$244,850,000, exclusive of discounts, premiums and loss on refunding, at September 30, 2002. Aggregate interest requirements for all prior and subordinate lien bonds are \$216,225,017 at September 30, 2002. Revenue bonds authorized and unissued amount to \$760,000 at September 30, 2002.

The following schedule shows the original and refunding revenue bonds outstanding at September 30, 2002 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2002
1993A	December 1993	\$ 75,955	\$ 65,720
1999 Refunding	June 1999	6,445	4,130
1999A	June 1999	25,000	25,000
1999	September 1999	110,000	110,000
1999	November 1999	40,000	40,000
			<u>\$ 244,850</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

e – Debt Service Requirements (in thousands)

Fiscal Year Ending September 30	Governmental Activities					
	General Obligation Bonds		Contractual Obligations		Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 35,268	34,031	5,568	833	4,631	4,756
2004	38,515	31,945	5,802	645	4,886	4,484
2005	46,008	29,617	4,557	426	4,993	4,281
2006	46,545	27,360	3,183	257	5,133	4,056
2007	43,050	25,064	1,866	153	5,413	3,825
2008-2012	197,081	94,779	3,442	168	31,712	14,905
2013-2017	166,050	48,026	--	--	24,913	7,784
2018-2022	94,476	12,028	--	--	17,628	2,236
	<u>666,993</u>	<u>302,850</u>	<u>24,418</u>	<u>2,482</u>	<u>99,309</u>	<u>46,327</u>
Less: Unamortized bond discount	(370)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(499)	--	--	--	--	--
Add: Unamortized bond premium	5,176	--	--	--	--	--
Net debt service requirements	<u>671,300</u>	<u>302,850</u>	<u>24,418</u>	<u>2,482</u>	<u>99,309</u>	<u>46,327</u>

Fiscal Year Ending September 30	Total Governmental Debt Service Requirements		
	Principal	Interest	Total
	2003	45,467	39,620
2004	49,203	37,074	86,277
2005	55,558	34,324	89,882
2006	54,861	31,673	86,534
2007	50,329	29,042	79,371
2008-2012	232,235	109,852	342,087
2013-2017	190,963	55,810	246,773
2018-2022	112,104	14,264	126,368
	<u>790,720</u>	<u>351,659</u>	<u>1,142,379</u>
Less: Unamortized bond discount	(370)	--	(370)
Unamortized gain(loss) on bond refundings	(499)	--	(499)
Add: Unamortized bond premium	5,176	--	5,176
Net debt service requirements	<u>\$ 795,027</u>	<u>351,659</u>	<u>1,146,686</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

e – Debt Service Requirements, continued (in thousands)

Electric Business-Type Activities

Fiscal Year Ending September 30	General Obligation Bonds		Contractual Obligations		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
	2003	\$ 6	69	357	57	1,533
2004	4	69	386	42	1,639	567
2005	5	69	360	24	1,750	454
2006	5	68	228	10	1,871	332
2007	53	68	68	1	2,003	201
2008-2012	520	276	--	--	161	291
2013-2017	696	125	--	--	207	245
2018-2022	42	4	--	--	266	187
2023-2027	--	--	--	--	341	111
2028-2032	--	--	--	--	266	22
	<u>1,331</u>	<u>748</u>	<u>1,399</u>	<u>134</u>	<u>10,037</u>	<u>3,085</u>
Less: Unamortized bond discount	--	--	--	--	--	--
Unamortized gain(loss) on bond refundings	--	--	--	--	--	--
Add: Unamortized bond premium	--	--	--	--	--	--
Net debt service requirements	<u>1,331</u>	<u>748</u>	<u>1,399</u>	<u>134</u>	<u>10,037</u>	<u>3,085</u>

Fiscal Year Ending September 30	Commercial Paper Notes (1)		Revenue Bonds		Total Electric Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
	2003	200,873	865	67,081	84,791	269,850	86,457
2004	--	--	89,430	73,580	91,459	74,258	165,717
2005	--	--	87,294	63,295	89,409	63,842	153,251
2006	--	--	79,899	58,603	82,003	59,013	141,016
2007	--	--	110,326	53,995	112,450	54,265	166,715
2008-2012	--	--	369,204	332,952	369,885	333,519	703,404
2013-2017	--	--	380,621	115,445	381,524	115,815	497,339
2018-2022	--	--	98,251	43,606	98,559	43,797	142,356
2023-2027	--	--	71,449	17,060	71,790	17,171	88,961
2028-2032	--	--	35,101	3,627	35,367	3,649	39,016
	<u>200,873</u>	<u>865</u>	<u>1,388,656</u>	<u>846,954</u>	<u>1,602,296</u>	<u>851,786</u>	<u>2,454,082</u>
Less: Unamortized bond discount	(364)	--	(13,051)	--	(13,415)	--	(13,415)
Unamortized gain(loss) on bond refundings	--	--	--	--	--	--	--
Add: Unamortized bond premium	--	--	37,371	--	37,371	--	37,371
Net debt service requirements	<u>\$ 200,509</u>	<u>865</u>	<u>1,412,976</u>	<u>846,954</u>	<u>1,626,252</u>	<u>851,786</u>	<u>2,478,038</u>

(1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.

10 – DEBT AND NON-DEBT LIABILITIES, continued

e – Debt Service Requirements, continued (in thousands)

Water and Wastewater Business-Type Activities

Fiscal Year Ending September 30	General Obligation Bonds		Contractual Obligations		Tax Supported Debt (1)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2003	\$ 1,992	598	1,532	261	1,091
2004	1,494	499	1,617	200	1,256	1,432
2005	1,770	421	1,569	134	1,095	1,223
2006	1,075	333	1,152	71	864	1,189
2007	1,095	280	516	31	642	430
2008-2012	2,871	777	515	23	2,913	1,730
2013-2017	1,177	190	--	--	4,274	846
2018-2022	181	24	--	--	621	31
2023-2027	--	--	--	--	--	--
2028-2032	--	--	--	--	--	--
	<u>11,655</u>	<u>3,122</u>	<u>6,901</u>	<u>720</u>	<u>12,756</u>	<u>8,338</u>
Less: Unamortized bond discount	(46)	--	--	--	(101)	--
Unamortized gain(loss) on bond refundings	--	--	--	--	--	--
Add: Unamortized bond premium	398	--	--	--	107	--
Net debt service requirements	<u>12,007</u>	<u>3,122</u>	<u>6,901</u>	<u>720</u>	<u>12,762</u>	<u>8,338</u>

Fiscal Year Ending September 30	Capital Lease Obligations		Commercial Paper Notes (2)		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2003	900	488	157,842	675	19,745
2004	975	414	--	--	32,280	55,221
2005	1,050	334	--	--	47,430	54,077
2006	1,125	248	--	--	55,481	51,395
2007	1,225	155	--	--	59,896	48,743
2008-2012	1,325	54	--	--	225,745	278,808
2013-2017	--	--	--	--	297,722	208,407
2018-2022	--	--	--	--	166,660	171,585
2023-2027	--	--	--	--	163,520	44,983
2028-2032	--	--	--	--	84,925	10,241
	<u>6,600</u>	<u>1,693</u>	<u>157,842</u>	<u>675</u>	<u>1,153,404</u>	<u>979,100</u>
Less: Unamortized bond discount	--	--	--	--	(15,438)	--
Unamortized gain(loss) on bond refundings	--	--	--	--	--	--
Add: Unamortized bond premium	--	--	--	--	23,353	--
Net debt service requirements	<u>\$ 6,600</u>	<u>1,693</u>	<u>157,842</u>	<u>675</u>	<u>1,161,319</u>	<u>979,100</u>

(continued)

(1) Includes assumed tax and revenue bond principal of \$12,636 and interest of \$8,338 and \$120 of Water and Wastewater notes payable.

(2) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.

10 – DEBT AND NON-DEBT LIABILITIES, continued

e – Debt Service Requirements, continued (in thousands)

Water and Wastewater Business-Type Activities

Fiscal Year Ending September 30	Municipal Utility District Contract Revenue Bonds		Total Water and Wastewater Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2003	\$ 2,355	1,212	185,457	60,331
2004	2,455	1,086	40,077	58,852	98,929
2005	2,605	950	55,519	57,139	112,658
2006	2,645	805	62,342	54,041	116,383
2007	2,835	651	66,209	50,290	116,499
2008-2012	9,860	885	243,229	282,277	525,506
2013-2017	--	--	303,173	209,443	512,616
2018-2022	--	--	167,462	171,640	339,102
2023-2027	--	--	163,520	44,983	208,503
2028-2032	--	--	84,925	10,241	95,166
	<u>22,755</u>	<u>5,589</u>	<u>1,371,913</u>	<u>999,237</u>	<u>2,371,150</u>
Less: Unamortized bond discount	--	--	(15,585)	--	(15,585)
Unamortized gain(loss) on bond refundings	--	--	--	--	--
Add: Unamortized bond premium	--	--	23,858	--	23,858
Net debt service requirements	<u>\$ 22,755</u>	<u>5,589</u>	<u>1,380,186</u>	<u>999,237</u>	<u>2,379,423</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

e – Debt Service Requirements, continued (in thousands)

Airport Business-Type Activities

Fiscal Year Ending September 30	General Obligation Bonds		Contractual Obligations		Revenue Notes (1)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2003	\$ 72	30	63	10	--
2004	53	26	68	7	--	1,680
2005	45	23	63	4	--	1,680
2006	18	21	40	2	--	1,680
2007	49	20	13	1	--	1,680
2008-2012	171	70	--	--	--	8,400
2013-2017	150	26	--	--	--	8,400
2018-2022	13	2	--	--	28,000	840
	<u>571</u>	<u>218</u>	<u>247</u>	<u>24</u>	<u>28,000</u>	<u>26,040</u>
Less: Unamortized bond discount	(1)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	28	--	--	--	--	--
Add: Unamortized bond premium	15	--	--	--	--	--
Net debt service requirements	<u>613</u>	<u>218</u>	<u>247</u>	<u>24</u>	<u>28,000</u>	<u>26,040</u>

Fiscal Year Ending September 30	Revenue Bonds		Total Airport Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2003	5,630	22,454	5,765	24,174
2004	7,195	22,092	7,316	23,805	31,121
2005	7,650	21,653	7,758	23,360	31,118
2006	8,415	21,143	8,473	22,846	31,319
2007	9,015	20,628	9,077	22,329	31,406
2008-2012	54,255	94,439	54,426	102,909	157,335
2013-2017	75,510	74,901	75,660	83,327	158,987
2018-2022	104,440	46,808	132,453	47,650	180,103
2023-2027	98,880	12,561	98,880	12,561	111,441
	<u>370,990</u>	<u>336,679</u>	<u>399,808</u>	<u>362,961</u>	<u>762,769</u>
Less: Unamortized bond discount	(7,138)	--	(7,139)	--	(7,139)
Unamortized gain(loss) on bond refundings	(1,512)	--	(1,484)	--	(1,484)
Add: Unamortized bond premium	--	--	15	--	15
Net debt service requirements	<u>\$ 362,340</u>	<u>336,679</u>	<u>391,200</u>	<u>362,961</u>	<u>754,161</u>

(1) These are variable rate notes with 6% interest.

10 – DEBT AND NON-DEBT LIABILITIES, continued

e – Debt Service Requirements, continued (in thousands)

Nonmajor Business-Type Activities

Fiscal Year Ending September 30	General Obligation Bonds		Contractual Obligations		Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
	2003	\$ 908	548	775	96	1,694
2004	897	503	806	65	1,784	1,644
2005	859	456	530	31	1,847	1,559
2006	578	411	207	14	1,597	1,479
2007	865	381	99	8	1,682	1,410
2008-2012	4,257	1,257	173	9	9,863	5,795
2013-2017	2,267	294	--	--	10,422	3,424
2018-2022	93	12	--	--	7,891	994
2023-2027	--	--	--	--	--	--
2028-2032	--	--	--	--	--	--
	<u>10,724</u>	<u>3,862</u>	<u>2,590</u>	<u>223</u>	<u>36,780</u>	<u>18,050</u>
Less: Unamortized bond discount	(28)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(674)	--	--	--	--	--
Add: Unamortized bond premium	271	--	--	--	74	--
Net debt service requirements	<u>10,293</u>	<u>3,862</u>	<u>2,590</u>	<u>223</u>	<u>36,854</u>	<u>18,050</u>

Fiscal Year Ending September 30	Revenue Bonds		Total Nonmajor Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2003	3,255	13,466	6,632	15,855
2004	5,210	13,251	8,697	15,463	24,160
2005	6,070	12,961	9,306	15,007	24,313
2006	6,505	12,631	8,887	14,535	23,422
2007	6,330	12,300	8,976	14,099	23,075
2008-2012	36,930	56,099	51,223	63,160	114,383
2013-2017	47,990	44,728	60,679	48,446	109,125
2018-2022	50,900	30,277	58,884	31,283	90,167
2023-2027	46,585	17,356	46,585	17,356	63,941
2028-2032	35,075	3,156	35,075	3,156	38,231
	<u>244,850</u>	<u>216,225</u>	<u>294,944</u>	<u>238,360</u>	<u>533,304</u>
Less: Unamortized bond discount	(2,569)	--	(2,597)	--	(2,597)
Unamortized gain(loss) on bond refundings	(6,090)	--	(6,764)	--	(6,764)
Add: Unamortized bond premium	507	--	852	--	852
Net debt service requirements	<u>\$ 236,698</u>	<u>216,225</u>	<u>286,435</u>	<u>238,360</u>	<u>524,795</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

e – Debt Service Requirements, continued (in thousands)

Fiscal Year Ending September 30	Business-Type Activities					
	General Obligation Bonds		Contractual Obligations		Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 2,978	1,245	2,727	424	1,694	1,745
2004	2,448	1,097	2,877	314	1,784	1,644
2005	2,679	969	2,522	193	1,847	1,559
2006	1,676	833	1,627	97	1,597	1,479
2007	2,062	749	696	41	1,682	1,410
2008-2012	7,819	2,380	688	32	9,863	5,795
2013-2017	4,290	635	--	--	10,422	3,424
2018-2022	329	42	--	--	7,891	994
2023-2027	--	--	--	--	--	--
2028-2032	--	--	--	--	--	--
	<u>24,281</u>	<u>7,950</u>	<u>11,137</u>	<u>1,101</u>	<u>36,780</u>	<u>18,050</u>
Less: Unamortized bond discount	(75)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(646)	--	--	--	--	--
Add: Unamortized bond premium	684	--	--	--	74	--
Net debt service requirements	<u>24,244</u>	<u>7,950</u>	<u>11,137</u>	<u>1,101</u>	<u>36,854</u>	<u>18,050</u>

Fiscal Year Ending September 30	Capital Lease Obligations		Commercial Paper Notes (1)		Revenue Notes (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2003	2,433	1,163	358,715	1,540	--
2004	2,614	981	--	--	--	1,680
2005	2,800	788	--	--	--	1,680
2006	2,996	580	--	--	--	1,680
2007	3,228	356	--	--	--	1,680
2008-2012	1,486	345	--	--	--	8,400
2013-2017	207	245	--	--	--	8,400
2018-2022	266	187	--	--	28,000	840
2023-2027	341	111	--	--	--	--
2028-2032	266	22	--	--	--	--
	<u>16,637</u>	<u>4,778</u>	<u>358,715</u>	<u>1,540</u>	<u>28,000</u>	<u>26,040</u>
Less: Unamortized bond discount	--	--	(364)	--	--	--
Unamortized gain(loss) on bond refundings	--	--	--	--	--	--
Add: Unamortized bond premium	--	--	--	--	--	--
Net debt service requirements	<u>\$ 16,637</u>	<u>4,778</u>	<u>358,351</u>	<u>1,540</u>	<u>28,000</u>	<u>26,040</u>

(continued)

(1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.

(2) These are variable rate notes with 6% interest.

10 – DEBT AND NON-DEBT LIABILITIES, continued

e – Debt Service Requirements, continued (in thousands)

Fiscal Year Ending September 30	Business-Type Activities					
	Tax Supported Debt (3)		Revenue Bonds		Municipal Utility District Contract Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 1,091	1,457	95,711	176,351	2,355	1,212
2004	1,256	1,432	134,115	164,144	2,455	1,086
2005	1,095	1,223	148,444	151,986	2,605	950
2006	864	1,189	150,300	143,772	2,645	805
2007	642	430	185,567	135,666	2,835	651
2008-2012	2,913	1,730	686,134	762,298	9,860	885
2013-2017	4,274	846	801,843	443,481	--	--
2018-2022	621	31	420,251	292,276	--	--
2023-2027	--	--	380,434	91,960	--	--
2028-2032	--	--	155,101	17,024	--	--
	<u>12,756</u>	<u>8,338</u>	<u>3,157,900</u>	<u>2,378,958</u>	<u>22,755</u>	<u>5,589</u>
Less: Unamortized bond discount	(101)	--	(38,196)	--	--	--
Unamortized gain(loss) on bond refundings	--	--	(7,602)	--	--	--
Add: Unamortized bond premium	107	--	61,231	--	--	--
Net debt service requirements	<u>12,762</u>	<u>8,338</u>	<u>3,173,333</u>	<u>2,378,958</u>	<u>22,755</u>	<u>5,589</u>

Year Ending September 30	Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Total
2003	467,704	186,817	654,521
2004	147,549	172,378	319,927
2005	161,992	159,348	321,340
2006	161,705	150,435	312,140
2007	196,712	140,983	337,695
2008-2012	718,763	781,865	1,500,628
2013-2017	821,036	457,031	1,278,067
2018-2022	457,358	294,370	751,728
2023-2027	380,775	92,071	472,846
2028-2032	155,367	17,046	172,413
	<u>3,668,961</u>	<u>2,452,344</u>	<u>6,121,305</u>
Less: Unamortized bond discount	(38,736)	--	(38,736)
Unamortized gain(loss) on bond refundings	(8,248)	--	(8,248)
Add: Unamortized bond premium	62,096	--	62,096
Net debt service requirements	<u>\$ 3,684,073</u>	<u>2,452,344</u>	<u>6,136,417</u>

(3) Includes assumed tax and revenue bond principal of \$12,636 and interest of \$8,338 and \$120 of Water and Wastewater notes payable.

11 – CONDUIT DEBT

The City has issued several series of housing and industrial development revenue bonds to provide for low cost housing and for acquisition and construction of industrial and commercial facilities. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Prior to September 30, 1997 the City issued several series of bonds; the aggregate principal amount payable of these bonds could not be determined; however, their original issue amounts totaled \$310.2 million. Since 1997, the City has issued various series of bonds, with the original issues totaling \$84.4 million; and \$84.2 million is outstanding at September 30, 2002.

The City has issued various facility revenue bonds to provide for facilities located at the airport and convention center. These bonds are special limited obligations, payable solely from and secured by a pledge of revenue to be received from agreements between the City and various third parties. The original issues totaled \$367.4 million, with \$364.4 million outstanding at September 30, 2002.

The above bonds do not constitute a debt or pledge of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements.

12 – INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables at September 30, 2002, are as follows (in thousands):

Receivable Fund	Payable Fund	Amount	
		Current	Long-Term
Governmental funds:			
Nonmajor governmental funds	General Fund	\$ 24	--
	Nonmajor governmental funds	12,875	--
	Water and Wastewater	--	1,733
	Nonmajor enterprise funds	45	639
	Internal service funds	--	107
Business-type funds:			
Water and Wastewater (restricted)	Internal service funds	27	215
Airport (restricted)	General Fund	700	2,918
	Nonmajor governmental funds	--	111
Nonmajor enterprise funds	Nonmajor governmental funds	491	24
	Nonmajor enterprise funds	1,198	--
		<u>\$ 15,360</u>	<u>5,747</u>

Interfund receivables and payables reflect temporary loans between funds. Of the above current amount, \$12.3 million is an interfund loan from the Fiscal Surety Fund, a special revenue fund, to other special revenue funds to cover deficit pooled investments and cash. Long-term loans are authorized by City Council action, and include a payment plan. The General Fund is repaying a loan from the Aviation fund over the next 4-6 years. The loan is repayment for Aviation and Federal Aviation Administration (FAA) funded costs at ABIA and the former Mueller Airport.

Interfund transfers during fiscal year 2002 were as follows (in thousands):

Transfers Out	Transfers In				Total
	General Fund	Nonmajor Governmental	Nonmajor Enterprise	Internal Service Funds	
General Fund	\$ --	8,647	777	--	9,424
Nonmajor governmental funds	6,196	23,853	27,912	79	58,040
Electric	69,584	539	--	--	70,123
Water and Wastewater	19,340	2,704	--	--	22,044
Airport	--	50	--	--	50
Nonmajor enterprise funds	39,302	1,555	8,630	134	49,621
Internal service funds	2,662	2,446	--	180	5,288
Total transfers out	<u>\$ 137,084</u>	<u>39,794</u>	<u>37,319</u>	<u>393</u>	<u>214,590</u>

12 – INTERFUND BALANCES AND TRANSFERS, continued

Interfund operating transfers are authorized through City Council approval. Significant transfers include the Electric and Water and Wastewater transfers to the General Fund, which are comparable to a return on investment to owners. The transfers above include a nonroutine transfer from the Hospital Fund of \$33 million to establish a public health reserve in the General Fund.

13 – SEGMENT INFORMATION

The City has one nonmajor enterprise fund that meets the criteria established for segment information. This fund provides convention facilities and services. All other funds meeting this criteria are reported as major funds. Segment information for the year ended September 30, 2002, is as follows (in thousands):

Convention Center Fund	
Current assets	\$ 15,466
Capital assets	252,068
Other assets	76,528
Total assets	344,062
Current liabilities	1,059
Bonds, restricted, and other long-term liabilities	256,910
Total liabilities	257,969
Invested in capital assets net of related debt	29,132
Restricted	28,430
Unrestricted	28,531
Total net assets	86,093
Operating revenues:	
User fees and rentals	10,376
Operating expenses	18,927
Depreciation and amortization expense	5,643
Operating loss	(14,194)
Nonoperating revenues	3,277
Nonoperating expenses	(12,005)
Transfers in	23,833
Transfers out	(75)
Change in net assets	836
Beginning net assets	85,257
Ending net assets	86,093
Net cash provided by:	
Operating activities	(8,111)
Noncapital financing activities	23,758
Capital and related financing activities	(73,225)
Investing activities	2,973
Beginning cash and cash equivalent balances	114,464
Ending cash and cash equivalent balances	\$ 59,859

14 – PARTICIPATION AGREEMENTS

The City has entered into several participation agreements on joint projects. As required by generally accepted accounting principles, such agreements have been evaluated to determine if they fall within the definition of the reporting entity.

a -- Fayette Power Project

Austin Energy's coal-fired electric generating units are located at the Fayette Power Project (FPP) and operate pursuant to a participation agreement with the Lower Colorado River Authority (LCRA, Project Manager). Austin Energy has an undivided 50 percent interest in Units 1 and 2, and LCRA wholly owns Unit 3. Austin Energy's investment is financed with City funds, and its pro-rata share of operations is recorded as if wholly owned. Austin Energy's equity in FPP was \$23.7 and \$19.3 million as of September 30, 2002 and 2001, respectively. The increase in equity indicates that the FPP is accumulating additional financial resources. The equity interest in the FPP is calculated pursuant to the participation agreement and is reported in various asset and liability accounts within the City's financial statements.

The original cost of the Austin Energy's share of FPP's generation and transmission facilities is recorded in the utility plant accounts of the City in accordance with its accounting policies. Each participant issued its own debt to finance its share of construction costs. The City's portion was financed through utility revenue bonds. In addition, each participant has the obligation to finance its portion of any operating and capital costs, as well as its deficits.

A management committee of four members governs the Project; each participant administratively appoints two members. As managing partner, LCRA is responsible for the operation of the Project and appoints Project management.

b -- South Texas Project

Austin Energy is one of four participants in the South Texas Project (STP), which consists of two 1,250-megawatt nuclear generating units in Matagorda County, Texas. The other participants in the STP are Reliant Energy, formerly known as Houston Lighting and Power Company, Central Power and Light Company and City Public Service of San Antonio. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. Austin Energy's 16 percent ownership in the STP represents 400 megawatts of plant capacity. At September 30, 2002 Austin Energy's investment in the STP was approximately \$637 million, net of accumulated depreciation.

Effective November 17, 1997, the Participation Agreement among the owners of STP was amended and restated and the STP Nuclear Operating Company (STPNOC), a Texas non-profit non-member corporation created by the participants, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC. Each participant is responsible for its own funding for STP. The City's portion is financed through operations, revenue bonds or commercial paper, which are repaid by the Electric Fund (see Note 10). In addition, each participant has the obligation to finance any deficits that may occur.

Each participant appoints one member to the board of directors of STPNOC, as well as one other member to the owner's committee. A member of the owner's committee may serve on the board of directors in the absence of a board member. The City's portion of STP is classified as plant in service, construction in progress and nuclear fuel inventory. Nuclear fuel includes fuel in the reactor as well as nuclear fuel in process.

14 – PARTICIPATION AGREEMENTS, continued

c -- South Texas Project Decommissioning

The South Texas Project (STP) is subject to regulation by the Nuclear Regulatory Commission (NRC). The NRC requires that each holder of a nuclear plant operating license submit information to the NRC indicating the minimum funding required to decommission the plant. In addition, reasonable assurance must be demonstrated that sufficient funds are being accumulated to provide the minimum requirement for decommissioning. This amount must be adjusted annually as required by the NRC. At September 30, 2002 and 2001, the City had funded its share of the estimated decommissioning liability as follows:

	<u>2002</u>	<u>2001</u>
Estimated cost to decommission STP	\$221,680,682	\$210,784,554
Restricted decommissioning fund assets	81,726,716	72,591,362

The City of Austin and other STP participants have provided the required information to the NRC and have been collecting decommissioning funds through rates since 1989. The City of Austin has established an external irrevocable trust for collecting sufficient funds for its share of the estimated decommissioning costs. For fiscal years 2002 and 2001, the City collected \$4,958,221 in each year for decommissioning expenses.

d -- Sandhill Power Project

The City entered into a Participation Agreement with Enron Sandhill Limited Partnership ("Enron Sandhill") for the construction and operation of the Sandhill Energy Center in Travis County. Operational since June 2001, the plant contains four gas-turbine units and has a total output capacity of 180 megawatts. Enron Sandhill was responsible for constructing the plant, while Austin Energy is responsible for the vast majority of the construction costs and for occupying and running the plant. Enron Sandhill's interest is limited to an 8.6% ownership interest in the plant (though Austin Energy owns 100% of the land on which the plant is sited) and a right to the first 100 megawatts of output until November 3, 2003. At that time Enron's interest in the plant will terminate and Austin Energy shall acquire full ownership and control.

e -- Municipal Utility Districts

The City has certain contractual commitments with several municipal utility districts (MUDs) for the construction of additions and improvements to the City's water and wastewater system that serve the MUDs and surrounding areas. These additions and improvements are funded by City contract revenue bonds, whose principal and interest are payable primarily from the net revenues of the Water and Wastewater Fund.

The City reports the bond proceeds as "investment in municipal utility districts" on the balance sheet of the Water and Wastewater Fund. As facilities funded by the contract revenue bonds are completed, the City's investment in municipal utility districts is reduced and plant in service is increased.

Upon annexation in December 1997 of Davenport Ranch Municipal Utility District, the City assumed a cost sharing agreement with Davenport MUD, Davenport Limited, Rivercrest Water Supply Corporation and Loop 360 Water Supply Corporation. In 2002, the City sold the water treatment plant to Loop 360 Water Supply Corporation and is no longer the owner of the water treatment plant. The City is the sole owner of water distribution facilities and storage tanks serving the former Davenport Ranch Municipal Utility District and provides direct retail utility water service to the customers residing in the former Davenport Ranch Municipal Utility District.

15 – LITIGATION

a -- Water and Wastewater Litigation

The City is involved in a number of lawsuits involving the operation of its water and wastewater system and some small lawsuits involve various property claims. The City believes these suits will not have a material effect on these financial statements.

15 – LITIGATION, continued

b -- Other Litigation

A number of claims against the City are pending with respect to various matters arising in the normal course of the City's operations. Legal counsel and City management are of the opinion that settlement of these claims and pending litigation will not have a material effect on the City's financial statements. The City has accrued liabilities in the Liability Reserve Fund for claims payable at September 30, 2002. These liabilities include amounts for lawsuits settled subsequent to year-end, which is reported in the government-wide statement of net assets.

16 – COMMITMENTS AND CONTINGENCIES

a -- Certificates of Participation

The City has entered into several capital lease arrangements through the issuance of Certificates of Participation as follows:

\$23,060,000	Certificates of Participation, City of Austin, Texas Electric Utility Office Project, Series 1987
\$14,000,000	Certificates of Participation, City of Austin, Texas Water and Wastewater Utility Office Project, Series 1987

The certificates represent proportionate interests in lease payments to be made by the City to a third-party lessor. The City has title to the office projects, pursuant to general warranty deeds; however, the trustee maintains a vendor's lien and superior title to the properties until all sums due are paid in full.

The City's obligations under the lease agreements are subject to and dependent upon annual appropriations by the City Council and do not obligate the City to levy or pledge any form of taxation. Thus, the certificates are treated as capital lease obligations rather than as long-term bonds and are recorded as a liability in the respective utility's funds.

The following table presents information regarding these certificates:

Description	Electric Fund Office Project (1)	Water and Wastewater Fund Office Project (1)
Date issued	February 1987	August 1987
Amount issued	\$23,060,000	\$14,000,000
Interest rates	4.00% - 7.00%	5.25% - 8.00%
Interest payable on	March 15 and September 15	May 15 and November 15
Maturity dates	September 15 1988 - 2007	November 15 1989 - 2007
Present value of lease payments	\$8,670,000	\$6,600,000
Reserve Fund (2)	\$ 2,000,000	\$1,250,000

- (1) Subject to mandatory redemption upon the occurrence of certain events.
- (2) Held by trustee, to be used to make final payments.

b -- Federal and State Financial Assistance Programs

The City participates in a number of federally assisted and State grant programs, financed primarily by the U.S. Housing and Urban Development (HUD) Department, U.S. Health and Human Services (HHS) Department, and U.S. Department of Transportation (DOT). The City's programs are subject to program compliance audits by the granting agencies. Management believes that no material liability will arise from any such audits. In 2002, the City was required to repay HUD \$1.25 million, with payments due in 2002 and 2003. At September 30, 2002, the City owed HUD \$500,000, as reported in the statement of net assets.

16 – COMMITMENTS AND CONTINGENCIES, continued

c -- Arbitrage Rebate Payable

The City's financial advisor has determined that the City has earned interest revenue on unused bond proceeds in excess of amounts allowed by applicable Federal regulations. The City will be required to rebate funds to the federal government. The estimated amounts payable at September 30, 2002 are as follows (in thousands):

Governmental Activities	Business-type Activities				
	Electric	Water and Wastewater	Airport	Nonmajor	Total
\$ 1,694	560	608	3	166	\$ 1,337

d -- Capital Improvement Plan

As required by the City Charter, the City has a *Five Year Capital Improvement Plan* (Capital Budget) that is an anticipated spending plan for projects in the upcoming and future years. The City's 2003 Capital Budget includes new appropriations of \$369.1 million for the City's enterprise funds and \$105.9 million for general government projects. The City has substantial contractual commitments relating to its capital improvement plan.

The key projects in progress include parks development and improvements, street and bridge reconstructions, transportation improvements, electric system improvements, water and wastewater system improvements and annexations and airport improvements as shown below (in thousands). Remaining commitments represent current unspent budget and future costs required to complete projects.

Project	Spent-to-Date	Remaining Commitment
Governmental activities:		
Parks development and improvements	\$ 116,219	59,448
Street and bridge reconstructions	85,829	37,471
Transportation improvements	282,689	152,885
Other governmental	143,290	45,601
Business-type activities:		
Electric system improvements	1,005,644	233,694
Water and wastewater system improvements and annexations	1,087,085	547,478
Airport improvements	73,723	152,287
Nonmajor enterprise	234,477	86,921
Total	\$ 3,028,956	1,315,785

e -- Operating lease with Daughters of Charity Health Services of Austin

Effective October 1, 1995, the City entered into a long-term lease arrangement with the Daughters of Charity Health Services of Austin ("Seton"). Under the terms of the lease, Seton will operate City-owned Brackenridge Hospital and will provide all necessary medical services for residents of Austin regardless of their ability to pay. The City will reimburse Seton for services provided through three programs. Under the Charity Care Program, the City will reimburse Seton a maximum of \$5.6 million annually for providing medical care to the medically indigent; provided however, that Seton must first provide charity care in the amount of 4% of net revenues as required by State law. Under the Medical Assistance Program (MAP), the City paid Seton approximately \$8.6 million in fiscal year 2002 for patients enrolled in this program. Under the Physician Services Program, the City paid Seton approximately \$5.5 million during fiscal year 2002 for providing physician services to patients in the first two programs. The amounts for MAP and Physician Services Programs will be adjusted annually for the next three years.

16 – COMMITMENTS AND CONTINGENCIES, continued

In February 2002, the City and Seton amended the lease agreement in order to increase space for obstetrical facilities at the Brackenridge campus. In addition, the lease amendment accommodates revised interpretations of certain reproductive services that are inconsistent with *the Ethical and Religious Directives for Catholic Health Care Services*. See Footnote 9 regarding the details of this amendment. The cost of the leased assets as of September 30, 2002 is as follows (in thousands):

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land and other nondepreciable assets	\$ 803	--
Property, plant and equipment in service	73,990	(36,195)

f -- Landfill Closure and Postclosure Liability

State and federal regulations require the City to place a final cover on the City of Austin landfill site (located on FM 812) when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports in the Solid Waste Services Fund, a nonmajor enterprise fund, a portion of these closure and postclosure care costs as an operating expense in each period, based on landfill capacity used as of each balance sheet date. The \$7.2 million reported as accrued landfill closure and postclosure costs at September 30, 2002, represents the cumulative amount reported to date based on the use of 79.2% of the estimated capacity of the landfill. The Solid Waste Services Fund will recognize the remaining estimated cost of closure and postclosure care of \$1.9 million as the remaining estimated capacity is filled over the next ten years. The total estimated costs of \$9.1 million include costs of closure in 2012 of \$2.4 million and postclosure costs over the subsequent thirty years of \$6.7 million. These amounts are based on what it would cost to perform all closure and postclosure care in 2002. Actual costs may be higher due to inflation, changes in technology or changes in regulations. State and federal laws require owners to demonstrate financial assurance for closure, postclosure, and/or corrective action. The City complies with the financial and public notice components of the local government financial test and government-guarantee of the test.

g -- Risk-Related Contingencies

The City uses internal service funds to account for risks related to health benefits, third-party liability, and workers' compensation. The funds are as follows:

<u>Fund name</u>	<u>Description</u>
Employee Benefits	City employees and retirees may choose between a self-insured PPO or an HMO. Approximately 18% of City employees and 37% of retirees use the HMO option; approximately 82% of City employees and 63% of retirees use the PPO, which is self-insured. Costs are charged to City funds through a charge per employee per pay period.
Liability Reserve	Self-insured. Includes losses and claims related to liability for bodily injury, property damage, professional liability and certain employment liability. Excludes losses and claims related to health benefits or workers' compensation. Premiums are charged to other City funds each year based on historical costs.
Workers' Compensation	Self-insured. Premiums are charged to other City funds each year based on historical costs.

The City purchases stop loss insurance for the City's PPO. This stop loss insurance covers individual claims that exceed \$500,000 per calendar year in calendar year 2002 and \$150,000 per calendar year prior to calendar year 2002, up to a maximum of \$1 million. During fiscal year 2002, no claims exceeded the increased stop loss limit of \$500,000. During fiscal year 2001, two claims exceeded the stop loss limit of \$150,000; and four claims exceeded the stop loss limit in fiscal year 2000. City coverage is limited to \$1 million in lifetime benefits. The City does not purchase stop loss insurance for workers' compensation claims.

16 – COMMITMENTS AND CONTINGENCIES, continued

The City is self-insured for much of its risk exposure; however, the City purchases commercial insurance coverage for loss or damage to real property, theft and other criminal acts committed by employees, and third party liability associated with the airport, owned aircraft, and electric utility operations. Due to the tragic event of September 11th, significant reductions in insurance coverage have occurred. Deductibles and self-insured retention amounts have increased and terrorism and flood coverage provisions have been reduced or eliminated. There have been no claims settlements in excess of the insurance coverage that has been procured. The City also purchases a broad range of insurance coverage through a program that provides workers' compensation, employer's liability and third party liability coverage to contractors working on designated capital improvement project sites.

Liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The City utilizes actuarial information and historical claim settlement trends to determine the claim liabilities for the Employee Benefits Fund; liabilities for the Liability Reserve Fund and Workers' Compensation Fund are calculated based on outstanding claims. The amount to be paid out ultimately may be more or less than the amount accrued at September 30, 2002. The possible range of loss is \$33.3 to \$52.6 million. The City contributes amounts to an internal service fund based on an estimate of anticipated costs for claims each year.

Changes in the balances of claims liability are as follows (in thousands):

	Employee Benefits		Liability Reserve		Workers' Compensation	
	2002	2001	2002	2001	2002	2001
Liability balances, beginning of year	\$ 4,470	3,737	12,700	12,042	6,347	6,347
Claims and changes in estimates	3,569	4,015	11,065	3,897	4,663	3,472
Claim payments	(3,421)	(3,282)	(1,866)	(3,239)	(4,146)	(3,472)
Liability balances, end of year	<u>\$ 4,618</u>	<u>4,470</u>	<u>21,899</u>	<u>12,700</u>	<u>6,864</u>	<u>6,347</u>

The Liability Reserve Fund claims liability balance at fiscal year end includes liabilities of \$5.3 million discounted at 4.87% in 2002 and \$5.8 million discounted at 5.28% in 2001.

h -- Environmental Remediation Contingencies

The Electric Fund may incur costs for environmental remediation of certain sites including the Seaholm Power Plant. The financial statements include a current liability of \$3.4 million at September 30, 2002. This amount includes the cost of penalties associated with an Environmental Protection Agency (EPA) PCB inspection and estimated remaining costs for the remediation of the contaminated sites. The Electric Fund anticipates payment of these costs in 2003.

The EPA previously issued an Administrative Order to the Water and Wastewater Utility. The Utility must conduct studies of its wastewater collection system, eliminate overflows by December 2007, and make necessary capital improvements to repair and/or rehabilitate collection system infrastructure. When the studies are complete, the Utility will be able to estimate the cost of the improvements. The Utility currently is complying with all requirements of the Administrative Order.

The Airport Fund may also incur costs for the environmental remediation of certain sites and has recorded an estimated liability of \$360 thousand in the financial statements.

i -- Downtown Development Projects

Construction of the City's new city hall has continued. The underground parking garage was completed in August 2002. Construction of the entire project is scheduled to be completed in late 2004. The estimated total cost of the project is approximately \$48 million.

16 – COMMITMENTS AND CONTINGENCIES, continued

j -- Enron Bankruptcy

In 2000, the Electric Utility (Austin Energy) and an Enron affiliate, Enron Sandhill Limited Partnership, entered into a Participation Agreement for the construction and operation of a 180 megawatt (MW) power plant (the Sandhill Energy Center). Although Enron Sandhill is not in bankruptcy, its guarantor, Enron North America Corporation, is currently under Chapter 11 protection. Austin Energy suspended all transactions with Enron in early November 2001. Austin Energy believes that the Enron bankruptcy proceedings, in which Austin Energy is listed as an unsecured creditor, will not have a material adverse effect on the operation of the Sandhill Energy Center.

Austin Energy has withheld payment of funds for outstanding construction costs of the Sandhill Energy Center, which are estimated at approximately \$2.2 million. Austin Energy considers these costs probable and, in accordance with generally accepted accounting principles, has accrued this amount. In addition, Austin Energy has an outstanding receivable from Enron and is currently negotiating the net amounts owed.

k -- Other Commitments and Contingencies

The City is committed under various leases for building and office space, tracts of land and rights of way, and various equipment. These leases are considered operating leases for accounting purposes. Lease expense for the year ended September 30, 2002 was \$19.8 million. The City expects these leases to be replaced with similar leases in the ordinary course of business. Future minimum lease payments for these leases will remain approximately the same.

The City has entered into certain lease agreements, including the certificates of participation, as lessee for financing equipment purchases for Electric and Water and Wastewater Utilities. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments at their inception date. Refer to Note 10 for the debt service requirements on these leases.

The following summarizes utility assets recorded at September 30, 2002, under capital lease obligations (in thousands):

Assets	Water and		Total
	Electric	Wastewater	
Building	\$ 21,604	12,750	34,354
Accumulated depreciation	(8,029)	(3,687)	(11,716)
Net assets	\$ 13,575	9,063	22,638

17 – OTHER POST-EMPLOYMENT BENEFITS

In addition to making contributions to the three pension systems, the City provided certain other post-employment benefits to its retirees. Other post-employment benefits include access to medical and dental insurance for the retiree and the retiree's family and \$1,000 of life insurance on the retiree only.

All retirees who are eligible to receive pension benefits under any of the City's three pension systems are eligible for other post-employment benefits. Retirees may also enroll eligible dependents under the medical and dental plan(s) in which they participate. Eligible dependents of the retiree include a legally married spouse, unmarried children under age 25 who are dependent upon the retiree for support, including natural children, stepchildren, legally adopted children, children for whom the retiree has obtained court-ordered guardianship/conservatorship, qualified children placed pending adoption, and grandchildren who qualify as a dependent on the retiree's or retiree's spouse's federal income tax return, and eligible disabled children beyond 25 years of age if covered prior to age 25. A surviving spouse of a deceased retiree may continue medical coverage until the date the surviving spouse remarries. A surviving spouse of a deceased retiree may continue dental coverage for 36 months by paying the entire premium plus a two-percent administrative fee. Other surviving dependents of a deceased retiree may continue medical and dental coverage for 36 months by paying the entire premium plus a two-percent administrative fee.

17 – OTHER POST-EMPLOYMENT BENEFITS, continued

The City is under no obligation, statutory or otherwise, to offer other post-employment benefits or to pay any portion of the cost of other post-employment benefits to any retirees. Allocation of City funds to pay other post-employment benefits or to make other post-employment benefits available is determined on an annual basis by the City Council as part of the budget process.

The City pays a portion of the retiree's medical insurance premium and a portion of the retiree's dependents' medical insurance premium. The portion paid by the City varies according to age, coverage selection and years of service. The percentage of the medical insurance premium paid by the City ranges as follows:

<u>Years of Service</u>	<u>Retiree only</u>	<u>Dependent only</u>
Less than 5 years	5% - 20%	1% - 18%
5 to 9 years	14% - 28%	4% - 24%
10 to 14 years	32% - 43%	15% - 38%
15 to 20 years	50% - 58%	26% - 54%
Greater than 20 years	77% - 81%	43% - 77%

The City pays 100% of the retiree's life insurance premium. Group dental coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental premium.

Other post-employment benefits are expensed and funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as payroll expense/expenditure in an operating fund with corresponding revenue in the Employee Benefits Fund. Medical and dental premiums and claims and life insurance premiums are reported in the Employee Benefits Fund. The cost of providing these benefits for 2,135 retirees and 9,928 active employees in 2002 and 2,090 retirees and 9,713 active employees in 2001 is not separable and cannot be reasonably estimated. Total payments to the Employee Benefits Fund for retirees and active employees were \$50 million in 2002 and \$39 million in 2001.

As more fully described in Note 14, the City is a participant in the South Texas Project Nuclear Operating Company (STPNOC) and as such is liable for certain post-employment benefits for STPNOC employees. At December 31, 2001, the City's portion of this obligation, \$3,151,826, is not reflected in the financial statements of the Electric Fund.

18 – SUBSEQUENT EVENTS

In January 2003, newspaper articles reported significant levels of toxic chemicals in Barton Springs pool, a local landmark, and in upstream areas. The City closed the pool for ninety days, pending further test results. Follow-up testing by the Texas Department of Health, the Texas Commission on Environmental Quality, the U.S. Environmental Protection Agency and the U.S. Agency for Toxic Substance and Disease Registry, have concluded that the health risks from these chemicals to swimmers in the pool, and to those who swim and wade in Barton Creek upstream from the swimming pool, are inconsequential. Based on extensive surface and subsurface sampling results, the City believes the source of the contamination upstream is due to material carried by runoff from an adjacent apartment parking lot. The City will continue to evaluate the issue and determine future actions to be taken.





REQUIRED SUPPLEMENTARY INFORMATION



General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
RSI-1

	2002					Variance Positive (Negative) (3)
	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		
				Original	Final	
REVENUES						
Taxes	\$ 262,190	--	262,190	273,364	270,564	(8,374)
Franchise fees	29,589	--	29,589	30,303	30,303	(714)
Fines, forfeitures and penalties	17,704	--	17,704	16,427	16,426	1,278
Licenses, permits and inspections	14,670	--	14,670	17,342	17,342	(2,672)
Charges for services/goods	15,579	(1,264)	14,315	12,413	12,413	1,902
Interest and other	6,028	4,975	11,003	4,629	10,528	475
Total revenues	345,760	3,711	349,471	354,478	357,576	(8,105)
EXPENDITURES						
General government						
Municipal Court	9,282	(27)	9,255	9,885	9,885	630
Public safety						
Police	141,743	962	142,705	141,111	144,374	1,669
Fire	77,539	598	78,137	79,299	79,799	1,662
Emergency Medical Services	18,308	(218)	18,090	19,068	19,217	1,127
Transportation, planning and sustainability						
Public Works and Transportation	37	(37)	--	--	--	--
Transportation, Planning and Sustainability	9,005	202	9,207	10,222	10,222	1,015
Street lighting	149	--	149	100	100	(49)
Public health:						
Health	25,221	315	25,536	28,058	27,481	1,945
Physician stipend/charity care	10,508	18	10,526	10,657	10,657	131
Medical Assistance Program	7,926	--	7,926	7,236	7,236	(690)
Social services management	10,448	(804)	9,644	9,393	9,893	249
Public recreation and culture						
Parks and Recreation	29,563	383	29,946	31,373	31,373	1,427
Austin Public Library	17,133	229	17,362	19,020	19,020	1,658
Urban growth management						
Development Services and Watershed Protection	7,678	163	7,841	8,347	8,347	506
Neighborhood Planning and Zoning	3,204	69	3,273	4,192	4,192	919
General city responsibilities (4)	62,493	(52,286)	10,207	9,841	9,841	(366)
Total expenditures	430,237	(50,433)	379,804	387,802	391,637	11,833
Excess (deficiency) of revenues over expenditures	(84,477)	54,144	(30,333)	(33,324)	(34,061)	3,728
OTHER FINANCING SOURCES (USES)						
Transfers in	137,084	(45,196)	91,888	89,537	91,237	651
Transfers out	(9,424)	(54,768)	(64,192)	(78,568)	(79,248)	15,056
Total other financing sources (uses)	127,660	(99,964)	27,696	10,969	11,989	15,707
Excess (deficiency) of revenues and other sources over expenditures and other uses	43,183	(45,820)	(2,637)	(22,355)	(22,072)	19,435
Fund balance at beginning of year	50,435	(6,472)	43,963	22,355	22,355	21,608
Fund balance at end of year	\$ 93,618	(52,292)	41,326	--	283	41,043

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, accrued payroll, compensated absences, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.
- (4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs, budgeted payroll accrual, and amounts budgeted as fund-level expenditures.

BUDGET BASIS REPORTING

a -- General

The City of Austin prepares its annual operating budget based on cash and available resources (budget basis) which differs from generally accepted accounting principles (GAAP basis). In governmental funds, encumbrances constitute the equivalent of expenditures for budgetary purposes. In order to provide a meaningful comparison of actual results to the budget, the Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual-Budget Basis for the General Fund presents the actual and actual-budget basis amounts in comparison with original and final budgets.

b -- Reconciliation of GAAP Basis and Budget Basis Amounts

The primary differences between GAAP-basis and budget reporting for the General Fund are the reporting of encumbrances and the reporting of certain operating transfers. General Fund accrued payroll is recorded at the department level on a GAAP basis and as an expenditure in the general city responsibilities activity on the budget basis. Adjustments necessary to convert the excess revenues and other sources over expenditures and other uses on a GAAP basis to a budget basis for the General Fund are provided, as follows (in thousands):

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ 43,183
Adjustments - increases (decreases) due to:	
Outstanding encumbrances established in current year	(3,808)
Payments against prior year encumbrances	2,528
Tax anticipation notes	(4,800)
Advance from Airport Fund	(3,617)
Increase in compensated absences liability	174
Budgeted transfer for public health reserves	(33,000)
Budgeted transfer for contingency and emergency reserves	(3,122)
Other	(175)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	<u>\$ (2,637)</u>

c -- Budget Amendments

The original budget of the General Fund was amended several times during fiscal year 2002 for increased homeland security and reduction of sales tax revenue.

The original and amended budget is presented in the accompanying financial statements. The General Fund budget includes other revenues and requirements, which are presented in the general city responsibilities category. The amended expenditure budget for these general city requirements includes the following: tuition reimbursement (\$85,000), accrued payroll (\$1,134,000), expenditures for workers' compensation (\$6,121,544) and liability reserve (\$2,500,000).





**COMBINING FINANCIAL
STATEMENTS AND
SUPPLEMENTAL INFORMATION**



GENERAL FUND

General Fund
Schedule of Revenues - Budget and Actual-Budget Basis
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-1

	2002				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Taxes					
Property taxes:					
Current	\$ 141,665	--	141,665	141,341	324
Delinquent	618	--	618	701	(83)
Penalty and interest	773	--	773	685	88
Sales taxes	115,441	--	115,441	124,302	(8,861)
Other taxes	3,693	--	3,693	3,535	158
Total taxes	262,190	--	262,190	270,564	(8,374)
Franchise fees	29,589	--	29,589	30,303	(714)
Fines, forfeitures and penalties					
Library fines	411	--	411	426	(15)
Traffic fines	8,131	--	8,131	8,247	(116)
Parking violations	3,093	--	3,093	2,405	688
Weights and measures	99	--	99	101	(2)
Other	5,970	--	5,970	5,247	723
Total fines, forfeitures and penalties	17,704	--	17,704	16,426	1,278
Licenses, permits and inspections					
Parking meters	2,063	--	2,063	2,214	(151)
Alarm permits	1,496	--	1,496	1,505	(9)
Commercial solid waste	803	--	803	638	165
Public health	1,126	--	1,126	1,269	(143)
Development	1,573	--	1,573	1,689	(116)
Building safety	7,099	--	7,099	9,540	(2,441)
Beer and wine permits	254	--	254	244	10
Other	256	--	256	243	13
Total licenses, permits and inspections	14,670	--	14,670	17,342	(2,672)
Charges for services/goods					
Recreation and culture	1,810	--	1,810	2,022	(212)
Public health	1,250	--	1,250	1,280	(30)
Emergency medical services	10,392	--	10,392	8,304	2,088
General government	2,127	(1,264)	863	807	56
Total charges for services/goods	15,579	(1,264)	14,315	12,413	1,902
Interest and other					
Interest	4,089	--	4,089	3,458	631
Rental income	360	--	360	336	24
Other	1,579	4,975	6,554	6,734	(180)
Total interest and other	6,028	4,975	11,003	10,528	475
Total revenues	\$ 345,760	3,711	349,471	357,576	(8,105)

(1) Adjustments and actual-budget basis include amounts budgeted as fund-level revenues.

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-2

	2002				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Administration					
Municipal Court:					
Salaries and fringe benefits	\$ 7,197	106	7,303	7,678	375
Contractual services	1,812	(74)	1,738	1,932	194
Commodities	214	13	227	184	(43)
Expense refunds	(48)	--	(48)	(3)	45
Capital outlay	107	(72)	35	94	59
Total administration	9,282	(27)	9,255	9,885	630
Public safety					
Police:					
Salaries and fringe benefits	129,657	481	130,138	130,492	354
Contractual services	12,940	402	13,342	12,448	(894)
Commodities	2,942	82	3,024	3,603	579
Expense refunds	(6,509)	--	(6,509)	(5,113)	1,396
Capital outlay	2,713	(3)	2,710	2,944	234
	141,743	962	142,705	144,374	1,669
Fire:					
Salaries and fringe benefits	74,834	702	75,536	76,721	1,185
Contractual services	4,831	53	4,884	5,273	389
Commodities	1,493	124	1,617	1,290	(327)
Indirect cost	241	--	241	234	(7)
Expense refunds	(4,368)	--	(4,368)	(3,952)	416
Capital outlay	508	(281)	227	233	6
	77,539	598	78,137	79,799	1,662
Emergency Medical Services:					
Salaries and fringe benefits	14,648	125	14,773	15,900	1,127
Contractual services	1,881	21	1,902	1,923	21
Commodities	1,312	12	1,324	1,283	(41)
Expense refunds	(354)	--	(354)	(337)	17
Capital outlay	821	(376)	445	448	3
	18,308	(218)	18,090	19,217	1,127
Total public safety	237,590	1,342	238,932	243,390	4,458
Public services and utilities					
Public Works and Transportation:					
Salaries and fringe benefits	(3)	3	--	--	--
Commodities	40	(40)	--	--	--
Street lighting	149	--	149	100	(49)
	186	(37)	149	100	(49)
Transportation, Planning and Sustainability:					
Salaries and fringe benefits	9,236	90	9,326	10,141	815
Contractual services	1,905	72	1,977	2,903	926
Commodities	722	41	763	1,225	462
Indirect cost	426	--	426	287	(139)
Expense refunds	(3,285)	--	(3,285)	(4,334)	(1,049)
Capital outlay	1	(1)	--	--	--
	9,005	202	9,207	10,222	1,015
Total public services and utilities	\$ 9,191	165	9,356	10,322	966

(Continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	2002				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Public health					
Health and Human Services:					
Physician stipend/charity care	\$ 10,508	18	10,526	10,657	131
Medical Assistance Program -- hospital contracted services/ patient services	7,926	--	7,926	7,236	(690)
Other public health					
Salaries and fringe benefits	16,260	197	16,457	16,655	198
Contractual services	22,441	145	22,586	24,695	2,109
Commodities	1,077	(19)	1,058	1,495	437
Expense refunds	(14,564)	(8)	(14,572)	(15,403)	(831)
Capital outlay	7	--	7	39	32
Other public health	25,221	315	25,536	27,481	1,945
Total public health	43,655	333	43,988	45,374	1,386
Public recreation and culture					
Parks and Recreation:					
Salaries and fringe benefits	23,355	350	23,705	25,727	2,022
Contractual services	7,220	14	7,234	6,262	(972)
Commodities	1,814	22	1,836	2,316	480
Indirect cost	257	--	257	369	112
Expense refunds	(3,108)	(3)	(3,111)	(3,355)	(244)
Capital outlay	25	--	25	54	29
	29,563	383	29,946	31,373	1,427
Austin Public Library:					
Salaries and fringe benefits	13,225	267	13,492	14,375	883
Contractual services	2,171	(70)	2,101	2,408	307
Commodities	1,876	8	1,884	2,246	362
Expense refunds	(257)	--	(257)	(191)	66
Capital outlay	118	24	142	182	40
	17,133	229	17,362	19,020	1,658
Total public recreation and culture	\$ 46,696	612	47,308	50,393	3,085

(Continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	2002				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Urban growth management					
Neighborhood Planning & Zoning:					
Salaries and fringe benefits	\$ 2,665	94	2,759	3,284	525
Contractual services	455	(16)	439	727	288
Commodities	82	(6)	76	181	105
Expense refunds	(1)	--	(1)	--	1
Capital outlay	3	(3)	--	--	--
	<u>3,204</u>	<u>69</u>	<u>3,273</u>	<u>4,192</u>	<u>919</u>
Development Services and Watershed Protection:					
Salaries and fringe benefits	6,924	163	7,087	7,258	171
Contractual services	1,018	1	1,019	1,089	70
Commodities	48	(1)	47	118	71
Expense refunds	(312)	--	(312)	(160)	152
Capital outlay	--	--	--	42	42
	<u>7,678</u>	<u>163</u>	<u>7,841</u>	<u>8,347</u>	<u>506</u>
Total urban growth management	<u>10,882</u>	<u>232</u>	<u>11,114</u>	<u>12,539</u>	<u>1,425</u>
Social services management	<u>10,448</u>	<u>(804)</u>	<u>9,644</u>	<u>9,893</u>	<u>249</u>
General city responsibilities (2)	<u>62,493</u>	<u>(52,286)</u>	<u>10,207</u>	<u>9,841</u>	<u>(366)</u>
Total expenditures	<u>430,237</u>	<u>(50,433)</u>	<u>379,804</u>	<u>391,637</u>	<u>11,833</u>

General fund expenditures

Salaries	297,998	2,578	300,576	308,231	7,655
Contractuals	75,108	566	75,674	77,553	1,879
Commodities	11,620	236	11,856	13,941	2,085
Indirect cost	924	--	924	890	(34)
Expense refunds	(32,806)	(11)	(32,817)	(32,848)	(31)
Capital outlay	4,303	(712)	3,591	4,036	445
Street lighting	149	--	149	100	(49)
Social services management	10,448	(804)	9,644	9,893	249
General city responsibilities	62,493	(52,286)	10,207	9,841	(366)
Total expenditures	<u>\$ 430,237</u>	<u>(50,433)</u>	<u>379,804</u>	<u>391,637</u>	<u>11,833</u>

(1) Includes adjustments for current year encumbrances, payments against prior year encumbrances, accrued payroll, compensated absences and amounts budgeted as operating transfers or fund-level expenditures.

(2) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs, budgeted payroll accrual, and amounts budgeted as fund-level expenditures.

General Fund
Schedule of Transfers - Budget and Actual-Budget Basis
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-3

	2002				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Transfers in					
General fund:					
Contingency reserve	\$ --	1,700	1,700	1,700	--
Debt service funds:					
Debt service	6,196	(6,196)	--	--	--
Enterprise funds:					
Electric	69,584	--	69,584	68,933	651
Water and Wastewater	19,340	1,264	20,604	20,604	--
Hospital	39,302	(39,302)	--	--	--
Internal service funds:					
Fleet Maintenance	2,139	(2,139)	--	--	--
Infrastructure Support Services	523	(523)	--	--	--
Total transfers in	137,084	(45,196)	91,888	91,237	651
Transfers out					
General fund:					
Contingency reserve	--	4,282	4,282	4,282	--
Nonrecurring reserve	--	540	540	540	--
Special revenue funds:					
Wildland Conservation	80	--	80	80	--
Neighborhood Housing and Conservation	813	--	813	1,020	207
Barton Springs Conservation	45	--	45	45	--
Sustainability Fund	5,647	--	5,647	8,812	3,165
Tax Increment Finance	100	--	100	100	--
Tourism and Promotion	125	--	125	125	--
Capital project funds	1,837	--	1,837	5,079	3,242
Enterprise funds:					
Airport	--	700	700	700	--
Drainage	299	--	299	299	--
Primary Care	--	--	--	319	319
Solid Waste Services	478	--	478	478	--
Internal service funds:					
Capital Projects Management	--	1,643	1,643	1,643	--
Fleet Maintenance	--	6,463	6,463	6,463	--
Information Systems	--	16,029	16,029	18,077	2,048
Infrastructure Support Services	--	1,817	1,817	2,101	284
Support Services	--	22,837	22,837	28,628	5,791
Wireless Communication	--	305	305	305	--
Fiduciary funds:					
Voluntary Utility Assistance	--	152	152	152	--
Total transfers out	9,424	54,768	64,192	79,248	15,056
Net transfers	\$ 127,660	(99,964)	27,696	11,989	15,707

(1) Includes adjustments to actual transfers required for adjusted budget basis presentation.





NONMAJOR GOVERNMENTAL FUNDS



**Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2002
(In thousands)**

**City of Austin, Texas
Exhibit E-4**

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	2002 Total
ASSETS					
Cash	\$ 5	--	--	--	5
Pooled investments and cash	49,538	262	251,116	1,324	302,240
Investments, at fair value	922	15,872	--	--	16,794
Property taxes receivable	--	3,968	--	--	3,968
Less allowance for uncollectible taxes	--	(678)	--	--	(678)
Net property taxes receivable	--	3,290	--	--	3,290
Accounts and other taxes receivable	11,894	--	4,367	--	16,261
Less allowance for doubtful accounts	(247)	--	(141)	--	(388)
Net accounts receivable	11,647	--	4,226	--	15,873
Receivables from other governments	11,343	--	--	--	11,343
Notes receivable, net of allowance	7,225	--	--	--	7,225
Due from other funds	12,262	69	613	--	12,944
Advances to other funds	--	2,479	--	--	2,479
Real property held for resale	5,717	--	--	--	5,717
Other assets	797	--	840	--	1,637
Total assets	99,456	21,972	256,795	1,324	379,547
LIABILITIES AND FUND BALANCES					
Accounts payable	3,830	--	22,662	--	26,492
Accrued payroll	41	--	--	--	41
Accrued compensated absences	6	--	--	--	6
Due to other funds	12,262	491	613	--	13,366
Deferred revenue	2,815	3,870	--	--	6,685
Advances from other funds	--	135	--	--	135
Deposits and other liabilities	40,457	1,025	1,553	--	43,035
Total liabilities	59,411	5,521	24,828	--	89,760
Fund balances					
Reserved:					
Encumbrances	3,417	--	84,091	--	87,508
Notes receivable	7,225	--	--	--	7,225
Real property held for resale	5,717	--	--	--	5,717
Debt service	--	16,451	--	--	16,451
Permanent funds	--	--	--	1,040	1,040
Unreserved, designated:					
Future use	23,686	--	--	--	23,686
Unreserved, undesignated:					
Capital projects	--	--	147,876	--	147,876
Permanent funds	--	--	--	284	284
Total fund balances	40,045	16,451	231,967	1,324	289,787
Total liabilities and fund balances	\$ 99,456	21,972	256,795	1,324	379,547

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-5

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	2002 Total
REVENUES					
Property taxes	\$ --	72,782	--	--	72,782
Franchise fees and other taxes	29,153	--	--	--	29,153
Fines, forfeitures and penalties	3,496	490	--	--	3,986
Charges for services/goods	25,220	--	--	--	25,220
Intergovernmental	57,235	113	4,793	--	62,141
Property owners' participation and contributions	--	--	13,214	--	13,214
Interest and other	1,331	11,623	6,382	37	19,373
Total revenues	116,435	85,008	24,389	37	225,869
EXPENDITURES					
Current:					
General government	1,044	--	--	--	1,044
Public safety	13,177	--	--	--	13,177
Transportation, planning and sustainability	3,476	--	--	--	3,476
Public health	20,528	--	--	--	20,528
Public recreation and culture	10,423	--	--	16	10,439
Urban growth management	45,844	--	--	--	45,844
Debt service:					
Principal	--	44,382	--	--	44,382
Interest	--	36,566	--	--	36,566
Fees and commissions	--	7	--	--	7
Capital outlay	--	--	174,239	--	174,239
Total expenditures	94,492	80,955	174,239	16	349,702
Excess (deficiency) of revenues over expenditures	21,943	4,053	(149,850)	21	(123,833)
OTHER FINANCING SOURCES (USES)					
Issuance of tax supported debt	--	--	254,505	--	254,505
Proceeds of refunding bonds	--	14,685	--	--	14,685
Payment to escrow agent	--	(14,685)	--	--	(14,685)
Transfers in	18,948	2,127	18,719	--	39,794
Transfers out	(41,758)	(6,196)	(10,086)	--	(58,040)
Total other financing sources (uses)	(22,810)	(4,069)	263,138	--	236,259
Excess (deficiency) of revenues and other sources over expenditures and other uses	(867)	(16)	113,288	21	112,426
Special items - purchased land lease rights	--	--	(4,000)	--	(4,000)
Net change in fund balances	(867)	(16)	109,288	21	108,426
Fund balances at beginning of year	40,912	16,467	122,679	1,303	181,361
Fund balances at end of year	\$ 40,045	16,451	231,967	1,324	289,787





SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. Included in the special revenue funds are:

- Federal, State, and other special revenue grant funds;
- Other special revenue funds - see below for descriptions of the individual funds;
- Housing Assistance fund – provides housing assistance to the citizens of Austin.

Other Special Revenue Funds

General Government

Municipal Court:

Municipal Court Building Security Fund – Provides funding to enhance courthouse security.

Municipal Court Technology Fund - Provides funding for technological enhancements to Municipal Court operations.

Public Safety

Police:

APD Incident Management Fund – Accounts for funds from Capital Metro to the Austin Police Dept. to establish a traffic command center within the APD.

Auto Theft Interdiction Fund – Accounts for funds seized related to current auto theft investigations.

Aviation Asset Forfeiture Fund - Accounts for the redistribution of proceeds generated by airport police enforcement activities.

Police Benefit Fund – Accounts for donations received for the benefit and improvement of the Police Department.

Police Federal Seized Funds Fund - Records all federal seized funds generated by police enforcement activities per State Code of Criminal Procedures (Chapter 59).

Police Seized Money Fund - Accounts for the redistribution of proceeds generated by police enforcement activities.

Fire:

Fire Miscellaneous Fund - Accounts for contributions for "The Firehouse," a public safety awareness exhibit, which is transported to different sites throughout Austin.

Emergency Medical Services:

EMS Travis County Reimbursed Fund – Accounts for expenses incurred in providing for expanded emergency medical services to the citizens of Travis County, located outside the City of Austin and the corresponding reimbursements from Travis County.

Transportation, Planning, and Sustainability

Public Works and Transportation:

Fiscal Surety - Land Development Fund - Escrow funds received from contractors for hydromulch and erosion control.

Office of Emergency Management Miscellaneous Fund - Accounts for contributions for public safety awareness.

Recycle Bins Fund – Accounts for donations from citizens and businesses to help defray cost of purchasing recycle bins/containers.

RMD Conservation Fund - Monies contributed by the Electric Fund to be used for energy loans and rebates/incentives to customers.

RMD Loan Fund - Accounts for energy loans to customers.

Transportation, Planning, and Sustainability:

Austin Transportation Study Fund - Accounts for a transportation study regarding the Austin Metropolitan roadways, bicycle areas, and pedestrian's walkways.

Child Safety Fund - Accounts for certain fines and fees used to provide school crossing guards at City schools.

Environmental Remediation Fund - Accounts for remediation of sites, which affect ground and surface water quality or public health and safety.

Pavement Life Recovery Cost Fee Fund - Collection of fees associated with pavement life recovery costs.

Railroad Right of Way Fund - Accounts for the City's management of the Austin and Northwestern Railroad right of way.

Subdivision Participation Fund - Escrow account for funds received from contractors for construction and installation of streets, sidewalks, drainage facilities, etc.

Public Health

Health and Human Services:

Disproportionate Share Fund - Used to purchase medical equipment and fund structural changes for the clinic system of the Austin/Travis County Health Department in order to serve indigent patients.

Health and Human Services Travis County Reimbursed Fund - Accounts for expenses incurred by the City on behalf of Travis County and the corresponding reimbursement from Travis County for Health and Human Services and Federally Qualified Health Center programs.

Health Miscellaneous Fund - Accounts for contributions for Strategic Intervention for High Risk Youth.

Medicaid Administrative Claims Fund - Holds additional Medicaid proceeds.

Other Public Health:

Animal Shelter Building Fund - Accounts for donations to improve the Townlake Animal Shelter.

Other Special Revenue Funds

Public Recreation and Culture

Austin Public Library:

Austin History Center Fund – Accounts for contributions to be used for the Austin-Travis County Collection.

Julia Cousins Trust Fund – Accounts for funds received from the estate of Julia Cousins to purchase books for the public library.

Miscellaneous Library Fund – Accounts for miscellaneous deposits primarily related to Massie Library.

Special Library Trust Fund – Accounts for donations received to purchase books or special equipment.

Parks and Recreation:

Adaptive Programs Fund – Accounts for various revenues and fees generated by programs and activities sponsored by the Parks and Recreation Dept.

Austin Creeks and Trails Fund – Accounts for donations received for the upkeep of Austin's creeks and trails.

Balcones Canyonlands Fund – Accounts for an endowment to be used for long-term monitoring and management of the Bohls tract.

Friends of East Austin Youth Fund - Accounts for donations from the Friends of East Austin Youth Golf Tournament to fund programs benefiting the youth of East Austin.

PARD Cultural Projects Fund - Records activities for cultural project purposes. Funded by a portion of the bed tax.

PARD Miscellaneous Fund – Accounts for miscellaneous deposits and revenues to be used for specified purposes.

PARD Police Asset Forfeiture Fund - Accounts for the redistribution of proceeds generated by PARD police enforcement activities.

Planting for the Future Fund – Accounts for donations received for plantings in the City of Austin.

Republic Square Fund – Accounts for donations for the improvement and beautification of Republic Square.

Rifle Class Fund – Accounts for fee revenue received by individuals for instruction, materials, and supplies for rifle classes.

Senior Citizen Nutrition Fund – Accounts for donations received at various senior citizen luncheon sites around the City.

Summer Musical Fund – Accounts for the annual summer musical production that is administered by the Parks and Recreation Department.

Teen Activity Fund – Accounts for contributions received to provide leisure activities for teenagers.

Tennis League Fund – Accounts for tournament fees received by participants of Austin Tennis League activities and tournaments.

Town Lake Beautification Fund – Accounts for donations for the beautification of Town Lake.

Wildland Conservation Fund - Accounts for the City and county's management of preserve systems (formerly Balcones Canyonlands Conservation Plan- BCCP).

Urban Growth Management

Neighborhood Housing & Community Development:

Housing Miscellaneous Fund - Accounts for donations to the Housing program to be used for specific purposes.

Housing Trust Social Equity Fund – Accounts for housing funds set aside for SMART Housing initiative.

Neighborhood Housing and Conservation Fund - Established in 1996 to lead economic development, affordable housing, and neighborhood revitalization efforts.

Development Services and Watershed Protection:

Austin Industrial Development Corporation Fund (AIDC) - Accounts for the administrative costs related to the Corporation.

Austin Inner City Redevelopment Corporation Fund - Accounts for the activity of this entity.

Energy Conservation Rebates and Incentives Fund - Used for energy loans and rebates/ incentives to customers; funded primarily by Electric Fund.

Fee Waiver Fund - Accounts for funds provided to allow for payment of fees waived by Council through City Ordinance.

Planning, Environmental Conservation Services Fund - Accounts for energy and water conservation services and environmental protection activities; funding provided by transfers from General, Electric, Water and Wastewater and other funds.

Public Improvement District Fund - Accounts for the downtown public improvement district which will provide services, security, and improvements for the downtown Austin area.

Other:

Austin Music Channel Fund - Established as a program to promote Austin as "The Live Music Capital of the World."

Barton Springs Conservation Fund - Accounts for habitat conservation in Barton Springs.

Brackenridge-UT Heritage Study Fund – Accounts for revenues received from research studies.

Cable TV Fund - Payments cable companies and disbursement to Austin Access Television.

Downtown Development Fund - Accounts for the relocation of music venue facilities.

Hotel-Motel Occupancy Tax Fund - Accounts for hotel/motel occupancy tax revenues and transfers of these revenues to participating funds.

Music Loan Program Fund – Provides resources for one-time music projects.

One Texas Center Fund – Accounts for the revenues and debt service requirements of the One Texas Center Building.

Strategic Planning Investment Fund - Accounts for costs related to managing and planning for growth by the City of Austin.

Sustainability Fund – Provides resources for one-time projects that will help the City of Austin build a sustainable economic, environmental, and equitable infrastructure.

Tax Increment Finance Fund – Accounts for maintaining the plazas, streetscapes and other public improvements installed on specific downtown Blocks.

Tourism and Promotion Fund - Accounts for the promotion of tourism in Austin as both a leisure and business destination. Funded by a portion of bed tax receipts.

Vehicle Rental Tax Fund - Accounts for the levy of a short-term motor vehicle rental tax.

Special Revenue Funds
Combining Balance Sheet
September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-6

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	Total
ASSETS				
Cash	\$ --	5	--	5
Pooled investments and cash	5,598	42,474	1,466	49,538
Investments, at fair value	--	--	922	922
Accounts and other taxes receivable	--	9,338	2,556	11,894
Less allowance for doubtful accounts	--	--	(247)	(247)
Net accounts receivable	--	9,338	2,309	11,647
Receivables from other governments	11,343	--	--	11,343
Notes receivable, net of allowance	--	--	7,225	7,225
Due from other funds	--	12,262	--	12,262
Real property held for resale	--	--	5,717	5,717
Other assets	146	548	103	797
Total assets	<u>17,087</u>	<u>64,627</u>	<u>17,742</u>	<u>99,456</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	1,440	1,657	733	3,830
Accrued payroll	--	41	--	41
Accrued compensated absences	--	6	--	6
Due to other funds	9,848	2,414	--	12,262
Deferred revenue	--	--	2,815	2,815
Deposits and other liabilities	5,799	33,974	684	40,457
Total liabilities	<u>17,087</u>	<u>38,092</u>	<u>4,232</u>	<u>59,411</u>
Fund balances				
Reserved:				
Encumbrances	--	3,417	--	3,417
Notes receivable	--	--	7,225	7,225
Real property held for resale	--	--	5,717	5,717
Unreserved, designated:				
Future use	--	23,118	568	23,686
Total fund balances	<u>--</u>	<u>26,535</u>	<u>13,510</u>	<u>40,045</u>
Total liabilities and fund balances	<u>\$ 17,087</u>	<u>64,627</u>	<u>17,742</u>	<u>99,456</u>

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-7

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	Total
REVENUES				
Franchise fees and other taxes	\$ --	29,153	--	29,153
Fines, forfeitures and penalties	--	3,496	--	3,496
Charges for services/goods	--	25,220	--	25,220
Intergovernmental	46,615	643	9,977	57,235
Interest and other	--	1,061	270	1,331
Total revenues	46,615	59,573	10,247	116,435
EXPENDITURES				
Current:				
General government	322	722	--	1,044
Public safety	4,995	8,182	--	13,177
Transportation, planning and sustainability	697	2,779	--	3,476
Public health	15,893	4,635	--	20,528
Public recreation and culture	5,180	5,243	--	10,423
Urban growth management	19,528	21,380	4,936	45,844
Total expenditures	46,615	42,941	4,936	94,492
Excess (deficiency) of revenues over expenditures	--	16,632	5,311	21,943
OTHER FINANCING SOURCES (USES)				
Transfers in	--	18,948	--	18,948
Transfers out	--	(41,758)	--	(41,758)
Total other financing sources (uses)	--	(22,810)	--	(22,810)
Net change in fund balances	--	(6,178)	5,311	(867)
Fund balances at beginning of year	--	32,713	8,199	40,912
Fund balances at end of year	\$ --	26,535	13,510	40,045

Special Revenue Funds
Combining Balance Sheet - All Special Revenue Grants
September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-8

	Assets				Liabilities and Fund Balances					Total Liabilities and Fund Balances
	Pooled Investments and Cash	Receivables from Other Governments	Other Assets	Total Assets	Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Fund Balances	
FEDERAL GRANTS										
U.S. Department of Agriculture	\$ --	532	8	540	7	533	--	540	--	540
U.S. Department of Commerce	--	72	--	72	--	72	--	72	--	72
Equal Employment Opportunity Commission	--	100	--	100	--	100	--	100	--	100
U.S. Department of Interior	--	--	--	--	--	--	--	--	--	--
U.S. Department of Justice	308	291	--	599	56	253	290	599	--	599
U.S. Department of Labor	--	19	--	19	--	19	--	19	--	19
U.S. Department of Transportation	9	199	--	208	2	197	9	208	--	208
U.S. Federal Emergency Management	--	107	--	107	--	107	--	107	--	107
U.S. Health & Human Services	677	3,137	12	3,826	585	2,551	690	3,826	--	3,826
U.S. Housing/Urban Development	4,164	4,380	120	8,664	558	3,696	4,410	8,664	--	8,664
U.S. National Foundation on the Arts and Humanities	12	412	6	430	12	377	41	430	--	430
U.S. Department of Veterans Affairs	200	--	--	200	--	--	200	200	--	200
Total Federal Grants	5,370	9,249	146	14,765	1,220	7,905	5,640	14,765	--	14,765
STATE GRANTS										
Texas Governor's Office Criminal Justice Division	--	419	--	419	39	380	--	419	--	419
Texas Health Department	46	262	--	308	11	251	46	308	--	308
Office of the Attorney General	--	26	--	26	--	26	--	26	--	26
Texas Comptroller of Public Accounts	41	--	--	41	11	--	30	41	--	41
Texas Health and Human Services Commission	53	--	--	53	45	--	8	53	--	53
Texas Historical Commission	--	1	--	1	--	1	--	1	--	1
Telecommunications Infrastructure Fund Board	--	685	--	685	76	609	--	685	--	685
Texas Parks and Wildlife	--	45	--	45	13	32	--	45	--	45
Texas Department of Transportation	--	460	--	460	10	450	--	460	--	460
The University of Texas at Austin Center of Criminology	1	--	--	1	--	--	1	1	--	1
Texas State Library and Archives Commission	13	--	--	13	12	--	1	13	--	13
State Energy Conservation Office	--	17	--	17	2	15	--	17	--	17
Total State Grants	154	1,915	--	2,069	219	1,764	86	2,069	--	2,069
OTHER SPECIAL REVENUE GRANTS	74	179	--	253	1	179	73	253	--	253
Total All Grants	\$ 5,598	11,343	146	17,087	1,440	9,848	5,799	17,087	--	17,087

Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - All Special Revenue Grants
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-9

	<u>Revenues</u>	<u>Expenditures</u>	<u>Excess</u> <u>(Deficiency)</u>	<u>Fund Balances</u>	<u>Fund Balances</u>
	<u>Inter-</u>	<u>Special</u>	<u>Of Revenues</u>	<u>at Beginning</u>	<u>at End</u>
	<u>governmental</u>	<u>Projects</u>	<u>Over</u>	<u>of Year</u>	<u>of Year</u>
			<u>Expenditures</u>		
FEDERAL GRANTS					
U.S. Department of Agriculture	\$ 3,381	3,381	--	--	--
U.S. Department of Commerce	72	72	--	--	--
Equal Employment Opportunity Commission	163	163	--	--	--
U.S. Department of Interior	1,575	1,575	--	--	--
U.S. Department of Justice	2,641	2,641	--	--	--
U.S. Department of Labor	249	249	--	--	--
U.S. Department of Transportation	1,157	1,157	--	--	--
U.S. Federal Emergency Management	279	279	--	--	--
U.S. Health & Human Services	9,903	9,903	--	--	--
U.S. Housing/Urban Development	21,149	21,149	--	--	--
U.S. National Foundation on the Arts and Humanities	1,399	1,399	--	--	--
U.S. Department of Veterans Affairs	--	--	--	--	--
Total Federal Grants	41,968	41,968	--	--	--
STATE GRANTS					
Texas Governor's Office Criminal Justice Division	716	716	--	--	--
Texas Health Department	1,689	1,689	--	--	--
Office of the Attorney General	45	45	--	--	--
Texas Comptroller of Public Accounts	132	132	--	--	--
Texas Health and Human Services Commission	83	83	--	--	--
Texas Historical Commission	1	1	--	--	--
Telecommunications Infrastructure Fund Board	706	706	--	--	--
Texas Parks and Wildlife	52	52	--	--	--
Texas Department of Transportation	505	505	--	--	--
The University of Texas at Austin Center of Criminology	--	--	--	--	--
Texas State Library and Archives Commission	114	114	--	--	--
State Energy Conservation Office	68	68	--	--	--
Total State Grants	4,111	4,111	--	--	--
OTHER SPECIAL REVENUE GRANTS	536	536	--	--	--
Total All Grants	\$ 46,615	46,615	--	--	--

Special Revenue Funds
Combining Schedule of Expenditures - All Special Revenue Grants
From Inception to September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-10

	Total Expenditures at			Current Year		Total Expenditures at			Budget		
	Beginning of Year			Grant	In-Kind Match	End of Year			Grant	In-Kind Match	Total
	Grant	In-Kind Match	Total			Grant	In-Kind Match	Total			
FEDERAL GRANTS											
U.S. Department of Agriculture	\$ 2,743	180	2,923	3,381	(121)	6,124	59	6,183	5,607	--	5,607
U.S. Department of Commerce	--	--	--	72	48	72	48	120	72	48	120
Equal Employment Opportunity Commission	170	--	170	163	--	333	--	333	338	--	338
U.S. Department of Interior	--	--	--	1,575	--	1,575	--	1,575	1,575	525	2,100
U.S. Department of Justice	15,065	5,494	20,559	2,641	889	17,706	6,383	24,089	23,697	14,806	38,503
U.S. Department of Labor	61	23	84	249	96	310	119	429	524	66	590
U.S. Department of Transportation	4,282	1,510	5,792	1,157	486	5,439	1,996	7,435	12,609	4,649	17,258
U.S. Federal Emergency Management	195	440	635	279	542	474	982	1,456	723	419	1,142
U.S. Health & Human Services	11,188	2,394	13,582	9,903	964	21,091	3,358	24,449	28,630	5,036	33,666
U.S. Housing/Urban Development	100,746	665	101,411	21,149	--	121,895	665	122,560	150,399	700	151,099
U.S. National Foundation on the Arts and Humanities	1,327	--	1,327	1,399	--	2,726	--	2,726	4,156	--	4,156
U.S. Department of Veterans Affairs	144	--	144	--	--	144	--	144	329	--	329
Total Federal Grants	135,921	10,706	146,627	41,968	2,904	177,889	13,610	191,499	228,659	26,249	254,908
STATE GRANTS											
Texas Governor's Office Criminal Justice Division	342	61	403	716	140	1,058	201	1,259	1,574	266	1,840
Texas Health Department	2,969	--	2,969	1,689	95	4,658	95	4,753	5,123	--	5,123
Office of the Attorney General	--	--	--	45	--	45	--	45	200	--	200
Texas Comptroller of Public Accounts	441	--	441	132	--	573	--	573	595	--	595
Texas Health and Human Services Commission	174	--	174	83	--	257	--	257	345	--	345
Texas Historical Commission	--	--	--	1	3	1	3	4	1	2	3
Telecommunications Infrastructure Fund Board	--	--	--	706	79	706	79	785	706	79	785
Texas Parks and Wildlife	37	19	56	52	--	89	19	108	130	44	174
Texas Department of Transportation	2,266	782	3,048	505	461	2,771	1,243	4,014	3,893	1,985	5,878
The University of Texas at Austin Center of Criminology	10	--	10	--	--	10	--	10	10	--	10
Texas State Library and Archives Commission	16	14	30	114	--	130	14	144	249	14	263
State Energy Conservation Office	21	--	21	68	4	89	4	93	191	21	212
Total State Grants	6,276	876	7,152	4,111	782	10,387	1,658	12,045	13,017	2,411	15,428
OTHER SPECIAL REVENUE GRANTS	451	25	476	536	--	987	25	1,012	1,404	40	1,444
Total All Grants	\$ 142,648	11,607	154,255	46,615	3,686	189,263	15,293	204,556	243,080	28,700	271,780

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2002
(In thousands)

	Assets					Total Assets
	Cash	Pooled Investments and Cash	Net Accounts Receivable	Due from Other Funds	Other Assets	
General government						
Municipal Court:						
Municipal Court Building Security	\$ --	205	--	--	--	205
Municipal Court Technology	--	1,341	--	--	--	1,341
Total general government	--	1,546	--	--	--	1,546
Public safety						
Police:						
APD Incident Management	--	266	--	--	--	266
Auto Theft Interdiction	--	23	--	--	--	23
Aviation Asset Forfeiture	--	239	--	--	--	239
Police Benefit	--	39	--	--	--	39
Police Federal Seized Funds	4	518	--	--	--	522
Police Seized Money	--	398	--	--	--	398
Total Police	4	1,483	--	--	--	1,487
Fire:						
Fire Miscellaneous	--	17	--	--	--	17
Total Fire	--	17	--	--	--	17
Emergency Medical Services:						
EMS Travis County Reimbursed	--	--	555	--	--	555
Total Emergency Medical Services	--	--	555	--	--	555
Total public safety	4	1,500	555	--	--	2,059
Transportation, planning and sustainability						
Public Works and Transportation:						
Fiscal Surety - Land Development	--	18,583	--	12,262	--	30,845
Office of Emergency Management Miscellaneous	--	12	--	--	--	12
Recycle Bins	--	5	--	--	--	5
RMD Conservation	--	97	--	--	--	97
RMD Loan	--	855	--	--	115	970
Total Public Works and Transportation	--	19,552	--	12,262	115	31,929
Transportation, Planning and Sustainability:						
Austin Transportation Study	--	--	892	--	--	892
Child Safety	--	304	--	--	--	304
Environmental Remediation	--	416	--	--	--	416
Pavement Life Recovery	--	165	45	--	--	210
Railroad Right of Way	--	5	--	--	--	5
Subdivision Participation	--	4,295	--	--	--	4,295
Total Transportation, Planning and Sustainability	--	5,185	937	--	--	6,122
Total transportation, planning and sustainability	\$ --	24,737	937	12,262	115	38,051

Accounts Payable	Liabilities					Fund Balances				Total Liabilities and Fund Balances
	Accrued Payroll	Accrued Compensated Absences	Due to Other Funds	Deposits and Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved		Total Fund Balances	
							Designated	Undesignated		
9	9	2	--	--	20	23	162	--	185	205
1	--	--	--	--	1	2	1,338	--	1,340	1,341
10	9	2	--	--	21	25	1,500	--	1,525	1,546
--	--	--	--	--	--	--	266	--	266	266
--	--	--	--	21	21	--	2	--	2	23
2	--	--	--	--	2	6	231	--	237	239
13	--	--	--	--	13	--	26	--	26	39
12	--	--	--	--	12	2	508	--	510	522
7	--	--	--	--	7	--	391	--	391	398
34	--	--	--	21	55	8	1,424	--	1,432	1,487
1	--	--	--	6	7	--	10	--	10	17
1	--	--	--	6	7	--	10	--	10	17
46	--	4	458	--	508	47	--	--	47	555
46	--	4	458	--	508	47	--	--	47	555
81	--	4	458	27	570	55	1,434	--	1,489	2,059
15	--	--	--	30,216	30,231	--	614	--	614	30,845
--	--	--	--	--	--	--	12	--	12	12
--	--	--	--	--	--	--	5	--	5	5
--	--	--	--	--	--	--	97	--	97	97
120	--	--	--	--	120	--	850	--	850	970
135	--	--	--	30,216	30,351	--	1,578	--	1,578	31,929
19	--	--	1,025	--	1,044	--	--	(152)	(152)	892
7	27	--	--	--	34	1	269	--	270	304
--	--	--	--	49	49	2	365	--	367	416
--	--	--	--	--	--	--	210	--	210	210
--	--	--	--	--	--	--	5	--	5	5
--	--	--	--	1,439	1,439	--	2,856	--	2,856	4,295
26	27	--	1,025	1,488	2,566	3	3,705	(152)	3,556	6,122
161	27	--	1,025	31,704	32,917	3	5,283	(152)	5,134	38,051

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2002
(In thousands)

	Assets					Total Assets
	Cash	Pooled Investments and Cash	Net Accounts Receivable	Due from Other Funds	Other Assets	
Public health						
Health and Human Services:						
Disproportionate Share	\$ --	166	--	--	--	166
Federally Qualified Health Center (1)	--	--	--	--	--	--
Health and Human Services Travis County						
Reimbursed	--	--	1,096	--	2	1,098
Health Miscellaneous	--	208	--	--	--	208
Medicaid Administrative Claims	--	780	--	--	--	780
Total Health and Human Services	--	1,154	1,096	--	2	2,252
Other public health:						
Animal Shelter Building	--	12	--	--	--	12
Total other public health	--	12	--	--	--	12
Total public health	--	1,166	1,096	--	2	2,264
Public recreation and culture						
Austin Public Library:						
Austin History Center	--	150	--	--	--	150
Julia Cousins Trust	--	1	--	--	--	1
Miscellaneous Library Fund	--	1	--	--	--	1
Special Library	--	113	--	--	--	113
Total Austin Public Library	--	265	--	--	--	265
Parks and Recreation:						
Adaptive Programs	--	16	--	--	--	16
Austin Creeks and Trails	--	19	--	--	--	19
Balcones Canyonlands	--	75	--	--	--	75
Friends of East Austin Youth	--	10	--	--	--	10
PARD Cultural Projects	--	157	--	--	--	157
PARD Miscellaneous	--	445	--	--	--	445
PARD Police Asset Forfeitures	--	1	--	--	--	1
Planting for the Future	--	568	--	--	--	568
Republic Square Fund	--	2	--	--	--	2
Rifle Class Fund	--	1	--	--	--	1
Senior Nutrition	--	11	--	--	--	11
Summer Musical	--	105	--	--	--	105
Teen Activity	--	61	--	--	--	61
Tennis League Fund	--	4	--	--	--	4
Town Lake Beautification	--	279	--	--	--	279
Wildland Conservation	--	1,505	--	--	--	1,505
Total Parks and Recreation	--	3,259	--	--	--	3,259
Total public recreation and culture	\$ --	3,524	--	--	--	3,524

(1) Reported as Primary Care, a nonmajor enterprise fund, in fiscal year 2002

(Continued)

Accounts Payable	Liabilities					Fund Balances				Total Liabilities and Fund Balances
	Accrued Payroll	Accrued Compensated Absences	Due to Other Funds	Deposits and Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved		Total Fund Balances	
							Designated	Undesignated		
--	--	--	--	--	--	166	--	--	166	166
--	--	--	--	--	--	--	--	--	--	--
60	--	--	838	2	900	192	6	--	198	1,098
1	--	--	--	182	183	--	25	--	25	208
--	--	--	--	715	715	--	65	--	65	780
61	--	--	838	899	1,798	358	96	--	454	2,252
--	--	--	--	--	--	--	12	--	12	12
--	--	--	--	--	--	--	12	--	12	12
61	--	--	838	899	1,798	358	108	--	466	2,264
--	--	--	--	--	--	--	150	--	150	150
--	--	--	--	--	--	--	1	--	1	1
--	--	--	--	--	--	--	1	--	1	1
2	--	--	--	--	2	1	110	--	111	113
2	--	--	--	--	2	1	262	--	263	265
--	--	--	--	--	--	--	16	--	16	16
--	--	--	--	--	--	--	19	--	19	19
--	--	--	--	--	--	--	75	--	75	75
--	--	--	--	--	--	--	10	--	10	10
87	--	--	--	--	87	274	--	(204)	70	157
--	--	--	--	--	--	51	394	--	445	445
--	--	--	--	--	--	--	1	--	1	1
--	--	--	--	520	520	--	48	--	48	568
--	--	--	--	--	--	--	2	--	2	2
--	--	--	--	--	--	--	1	--	1	1
--	--	--	--	11	11	--	--	--	--	11
3	--	--	--	--	3	1	101	--	102	105
--	--	--	--	--	--	--	61	--	61	61
--	--	--	--	--	--	--	4	--	4	4
5	--	--	--	--	5	--	274	--	274	279
--	--	--	--	34	34	7	1,464	--	1,471	1,505
95	--	--	--	565	660	333	2,470	(204)	2,599	3,259
97	--	--	--	565	662	334	2,732	(204)	2,862	3,524

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2002
(In thousands)

	Assets					Total Assets
	Cash	Pooled Investments and Cash	Net Accounts Receivable	Due from Other Funds	Other Assets	
Urban growth management						
Neighborhood Housing & Community Development:						
Housing Miscellaneous	\$ --	40	--	--	--	40
Housing Trust Social Equity	--	845	--	--	--	845
Neighborhood Housing and Conservation	1	1,485	--	--	--	1,486
Total Neighborhood Housing & Community Development	1	2,370	--	--	--	2,371
Development Services and Watershed Protection:						
Austin Industrial Development Corporation (AIDC)	--	146	--	--	--	146
Austin Inner City Redevelopment Corporation	--	1	--	--	--	1
Energy Conservation Rebates and Incentives	--	3,314	1	--	--	3,315
Fee Waiver	--	24	--	--	--	24
Planning, Environmental Conservation Services	--	108	--	--	--	108
Public Improvement District	--	1,422	18	--	--	1,440
Total Development Services and Watershed Protection	--	5,015	19	--	--	5,034
Other						
Austin Music Channel	--	--	--	--	--	--
Barton Springs Conservation	--	207	--	--	--	207
Brackenridge - UT Heritage Study	--	41	--	--	--	41
Cable TV	--	211	--	--	--	211
Downtown Development	--	180	--	--	--	180
Hotel-Motel Occupancy Tax	--	85	5,630	--	--	5,715
Music Loan Program	--	236	--	--	--	236
One Texas Center	--	--	--	--	--	--
Strategic Planning Investment	--	343	--	--	--	343
Sustainability	--	535	--	--	6	541
Tax Increment Finance	--	99	--	--	--	99
Tourism and Promotion	--	678	--	--	425	1,103
Vehicle Rental Tax	--	1	1,101	--	--	1,102
Total other	--	2,616	6,731	--	431	9,778
Total urban growth management	1	10,001	6,750	--	431	17,183
2002 Total	\$ 5	42,474	9,338	12,262	548	64,627

(Continued)

Accounts Payable	Liabilities					Fund Balances				Total Liabilities and Fund Balances
	Accrued Payroll	Accrued Compensated Absences	Due to Other Funds	Deposits and Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved		Total Fund Balances	
							Designated	Undesignated		
--	--	--	--	--	--	--	40	--	40	40
--	--	--	--	500	500	--	345	--	345	845
8	5	--	--	191	204	66	1,216	--	1,282	1,486
8	5	--	--	691	704	66	1,601	--	1,667	2,371
--	--	--	--	--	--	--	146	--	146	146
--	--	--	--	--	--	--	1	--	1	1
290	--	--	--	1	291	987	2,037	--	3,024	3,315
--	--	--	--	--	--	--	24	--	24	24
--	--	--	--	--	--	6	102	--	108	108
376	--	--	--	--	376	1,128	--	(64)	1,064	1,440
666	--	--	--	1	667	2,121	2,310	(64)	4,367	5,034
--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	207	--	207	207
41	--	--	--	--	41	--	--	--	--	41
--	--	--	--	--	--	--	211	--	211	211
--	--	--	--	--	--	--	180	--	180	180
--	--	--	--	86	86	--	5,629	--	5,629	5,715
--	--	--	--	--	--	--	236	--	236	236
--	--	--	93	--	93	--	--	(93)	(93)	--
--	--	--	--	--	--	127	216	--	343	343
133	--	--	--	--	133	317	91	--	408	541
--	--	--	--	1	1	11	87	--	98	99
399	--	--	--	--	399	--	704	--	704	1,103
--	--	--	--	--	--	--	1,102	--	1,102	1,102
573	--	--	93	87	753	455	8,663	(93)	9,025	9,778
1,247	5	--	93	779	2,124	2,642	12,574	(157)	15,059	17,183
1,657	41	6	2,414	33,974	38,092	3,417	23,631	(513)	26,535	64,627

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2002
(In thousands)

	Revenues					Total Revenues
	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	
General government						
Municipal Court:						
Municipal Court Building Security	\$ --	437	--	--	9	446
Municipal Court Technology	--	565	--	--	32	597
Total general government	--	1,002	--	--	41	1,043
Public safety						
Police:						
APD Incident Management	--	--	--	--	338	338
Auto Theft Interdiction	--	--	--	--	1	1
Aviation Asset Forfeiture	--	77	--	--	6	83
Police Benefit	--	--	17	4	--	21
Police Federal Seized Funds	--	278	--	--	13	291
Police Seized Money	--	208	--	--	14	222
Total Police	--	563	17	4	372	956
Fire:						
Fire Miscellaneous	--	--	5	2	--	7
Total Fire	--	--	5	2	--	7
Emergency Medical Services:						
EMS Travis County Reimbursed	--	--	7,302	--	--	7,302
Total Emergency Medical Services	--	--	7,302	--	--	7,302
Total public safety	--	563	7,324	6	372	8,265
Transportation, planning and sustainability						
Public Works and Transportation:						
Fiscal Surety - Land Development	--	--	--	--	137	137
Office of Emergency Management Miscellaneous	--	--	16	3	--	19
Recycle Bins	--	--	--	--	--	--
RMD Conservation	--	--	--	--	--	--
RMD Loan	--	--	--	--	--	--
Total Public Works and Transportation	--	--	16	3	137	156
Transportation, Planning and Sustainability:						
Austin Transportation Study	--	--	1,226	--	--	1,226
Child Safety	--	1,463	--	--	7	1,470
Environmental Remediation	--	--	--	--	30	30
Pavement Life Recovery	--	180	--	--	10	190
Railroad Right of Way	--	--	--	--	--	--
Subdivision Participation	--	--	--	--	124	124
Total Transportation, Planning and Sustainability	--	1,643	1,226	--	171	3,040
Total transportation, planning and sustainability	\$ --	1,643	1,242	3	308	3,196

(1) Expenditures include capital outlay of \$1,325.

Expenditures (1)	Other Financing Sources (Uses)		Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Transfers In	Transfers Out			
625	--	--	(179)	364	185
97	--	--	500	840	1,340
722	--	--	321	1,204	1,525
440	--	--	(102)	368	266
--	--	--	1	1	2
65	--	--	18	219	237
17	--	--	4	22	26
161	--	--	130	380	510
44	--	--	178	213	391
727	--	--	229	1,203	1,432
5	--	--	2	8	10
5	--	--	2	8	10
7,450	--	--	(148)	195	47
7,450	--	--	(148)	195	47
8,182	--	--	83	1,406	1,489
--	--	--	137	477	614
21	--	--	(2)	14	12
--	--	--	--	5	5
--	--	--	--	97	97
--	--	--	--	850	850
21	--	--	135	1,443	1,578
1,231	--	--	(5)	(147)	(152)
1,518	--	--	(48)	318	270
9	442	(1,970)	(1,507)	1,874	367
--	--	(425)	(235)	445	210
--	--	--	--	5	5
--	--	--	124	2,732	2,856
2,758	442	(2,395)	(1,671)	5,227	3,556
2,779	442	(2,395)	(1,536)	6,670	5,134

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2002
(In thousands)

	Revenues					Total Revenues
	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	
Public health						
Health and Human Services:						
Disproportionate Share	\$	--	--	--	--	--
Federally Qualified Health Center (2)	--	--	--	--	--	--
Health and Human Services Travis County						
Reimbursed	--	--	4,593	--	--	4,593
Health Miscellaneous	--	--	--	--	6	6
Medicaid Administrative Claims	--	--	--	--	23	23
Total Health and Human Services	--	--	4,593	--	29	4,622
Other public health:						
Animal Shelter Building	--	--	--	--	1	1
Total other public health	--	--	--	--	1	1
Total public health	--	--	4,593	--	30	4,623
Public recreation and culture						
Austin Public Library:						
Austin History Center	--	--	--	3	--	3
Julia Cousins Trust	--	--	--	--	--	--
Miscellaneous Library Fund	--	--	--	--	--	--
Special Library	--	--	--	77	--	77
Total Austin Public Library	--	--	--	80	--	80
Parks and Recreation:						
Adaptive Programs	--	--	--	--	--	--
Austin Creeks and Trails	--	--	--	3	--	3
Balcones Canyonlands	--	--	--	75	--	75
Friends of East Austin Youth	--	--	--	--	--	--
PARD Cultural Projects	--	--	--	--	9	9
PARD Miscellaneous	--	--	--	67	12	79
PARD Police Asset Forfeitures	--	--	--	--	--	--
Planting for the Future	--	--	--	197	--	197
Republic Square Fund	--	--	--	2	--	2
Rifle Class Fund	--	--	--	--	--	--
Senior Nutrition	--	--	--	--	--	--
Summer Musical	--	--	--	11	--	11
Teen Activity	--	--	--	32	4	36
Tennis League Fund	--	--	--	--	--	--
Town Lake Beautification	--	--	--	137	--	137
Wildland Conservation	--	278	--	--	49	327
Total Parks and Recreation	--	278	--	524	74	876
Total public recreation and culture	\$	278	--	604	74	956

(2) Reported as Primary Care, a nonmajor enterprise fund, in fiscal year 2002.

(Continued)

Expenditures (1)	Other Financing Sources (Uses)		Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Transfers In	Transfers Out			
42	--	--	(42)	208	166
--	--	(2,109)	(2,109)	2,109	--
4,585	--	--	8	190	198
8	--	--	(2)	27	25
--	--	--	23	42	65
4,635	--	(2,109)	(2,122)	2,576	454
--	--	--	1	11	12
--	--	--	1	11	12
4,635	--	(2,109)	(2,121)	2,587	466
--	--	--	3	147	150
--	--	--	--	1	1
--	--	--	--	1	1
49	--	--	28	83	111
49	--	--	31	232	263
--	--	--	--	16	16
--	--	--	3	16	19
--	--	--	75	--	75
--	--	--	--	10	10
3,831	2,889	--	(933)	1,003	70
190	--	(50)	(161)	606	445
10	--	--	(10)	11	1
197	--	--	--	48	48
1	--	--	1	1	2
--	--	--	--	1	1
--	--	--	--	--	--
12	--	--	(1)	103	102
6	--	--	30	31	61
--	--	--	--	4	4
105	--	--	32	242	274
842	336	--	(179)	1,650	1,471
5,194	3,225	(50)	(1,143)	3,742	2,599
5,243	3,225	(50)	(1,112)	3,974	2,862

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2002
(In thousands)

	Revenues					Total Revenues
	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	
Urban growth management						
Neighborhood Housing & Community Development:						
Housing Miscellaneous	\$ --	--	--	--	1	1
Housing Trust Social Equity	--	--	--	--	25	25
Neighborhood Housing and Conservation	--	--	--	--	41	41
Total Neighborhood Housing & Community Development	--	--	--	--	67	67
Development Services and Watershed Protection:						
Austin Industrial Development Corporation (AIDC)	--	--	--	--	5	5
Austin Inner City Redevelopment Corporation	--	--	--	--	--	--
Energy Conservation Rebates and Incentives	--	--	8,122	--	--	8,122
Fee Waiver	--	--	--	--	--	--
Planning, Environmental Conservation Services	--	--	--	--	--	--
Public Improvement District	--	--	1,377	--	45	1,422
Total Development Services and Watershed Protection	--	--	9,499	--	50	9,549
Other						
Austin Music Channel	--	--	--	--	--	--
Barton Springs Conservation	--	--	--	--	6	6
Brackenridge - UT Heritage Study	--	--	--	30	1	31
Cable TV	--	--	700	--	4	704
Downtown Development	--	--	--	--	5	5
Hotel-Motel Occupancy Tax	24,548	10	--	--	--	24,558
Music Loan Program	--	--	--	--	7	7
One Texas Center	--	--	1,862	--	--	1,862
Strategic Planning Investment	--	--	--	--	34	34
Sustainability	--	--	--	--	--	--
Tax Increment Finance	--	--	--	--	--	--
Tourism and Promotion	--	--	--	--	22	22
Vehicle Rental Tax	4,605	--	--	--	40	4,645
Total other	29,153	10	2,562	30	119	31,874
Total urban growth management	29,153	10	12,061	30	236	41,490
2002 Total	\$ 29,153	3,496	25,220	643	1,061	59,573

(Continued)

Expenditures (1)	Other Financing Sources (Uses)		Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Transfers In	Transfers Out			
--	--	--	1	39	40
1,002	1,000	--	23	322	345
944	813	--	(90)	1,372	1,282
1,946	1,813	--	(66)	1,733	1,667
--	--	--	5	141	146
--	--	--	--	1	1
8,607	--	--	(485)	3,509	3,024
--	--	--	--	24	24
80	--	--	(80)	188	108
1,475	150	--	97	967	1,064
10,162	150	--	(463)	4,830	4,367
2	--	--	(2)	2	--
--	45	--	51	156	207
41	--	--	(10)	10	--
717	--	--	(13)	224	211
--	--	--	5	175	180
--	--	(24,760)	(202)	5,831	5,629
--	--	--	7	229	236
--	--	(1,400)	462	(555)	(93)
13	--	--	21	322	343
3,836	9,059	(5,093)	130	278	408
2	100	--	98	--	98
4,661	4,114	--	(525)	1,229	704
--	--	(5,951)	(1,306)	2,408	1,102
9,272	13,318	(37,204)	(1,284)	10,309	9,025
21,380	15,281	(37,204)	(1,813)	16,872	15,059
42,941	18,948	(41,758)	(6,178)	32,713	26,535

Special Revenue Funds - Other
 Combining Schedule of Revenues, Expenditures and Transfers -
 Budget and Actual-Budget Basis
 Year ended September 30, 2002
 (In thousands)

City of Austin, Texas
 Exhibit E-13

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
General government							
Municipal Court:							
Municipal Court Building Security							
Actual-budget basis	\$ 321	446	642	--	--	(196)	125
Budget	60	452	656	--	--	(204)	(144)
Variance	261	(6)	14	--	--	8	269
Municipal Court Technology							
Actual-budget basis	840	597	99	--	--	498	1,338
Budget	115	574	693	--	--	(119)	(4)
Variance	725	23	594	--	--	617	1,342
Public safety							
Police:							
Aviation Asset Forfeiture							
Actual-budget basis	202	83	58	--	--	25	227
Budget	(161)	45	223	--	--	(178)	(339)
Variance	363	38	165	--	--	203	566
Police Federal Seized Funds							
Actual-budget basis	299	291	159	--	--	132	431
Budget	(385)	138	185	--	--	(47)	(432)
Variance	684	153	26	--	--	179	863
Police Seized Money							
Actual-budget basis	203	222	44	--	--	178	381
Budget	10	125	250	--	--	(125)	(115)
Variance	193	97	206	--	--	303	496
Emergency Medical Services:							
EMS Travis County Reimbursed							
Actual-budget basis	\$ 166	7,302	7,464	--	--	(162)	4
Budget	--	7,214	7,385	--	--	(171)	(171)
Variance	166	88	(79)	--	--	9	175

(Continued)

Special Revenue Funds - Other
 Combining Schedule of Revenues, Expenditures and Transfers -
 Budget and Actual-Budget Basis
 Year ended September 30, 2002
 (In thousands)

City of Austin, Texas
 Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Transportation, planning and sustainability							
Transportation, planning and sustainability							
Child Safety							
Actual-budget basis	\$ 219	1,470	1,450	--	68	(48)	171
Budget	(216)	1,524	1,636	--	68	(180)	(396)
Variance	435	(54)	186	--	--	132	567
Environmental Remediation							
Actual-budget basis	1,870	30	11	442	1,970	(1,509)	361
Budget	1,668	20	50	442	1,970	(1,558)	110
Variance	202	10	39	--	--	49	251
Public health							
Health and Human Services Travis							
County Reimbursed							
Actual-budget basis	(189)	4,593	4,786	--	--	(193)	(382)
Budget	188	3,859	5,910	--	--	(2,051)	(1,863)
Variance	(377)	734	1,124	--	--	1,858	1,481
Public recreation and culture							
PARD Cultural Projects							
Actual-budget basis	571	9	3,859	2,889	--	(961)	(390)
Budget	(220)	50	4,078	3,614	56	(470)	(690)
Variance	791	(41)	219	(725)	56	(491)	300
PARD Police Asset Forfeiture							
Actual-budget basis	11	--	9	--	--	(9)	2
Budget	--	--	10	--	--	(10)	(10)
Variance	11	--	1	--	--	1	12
Wildland Conservation							
Actual-budget basis	\$ 1,656	327	885	336	--	(222)	1,434
Budget	56	20	881	336	--	(525)	(469)
Variance	1,600	307	(4)	--	--	303	1,903

(Continued)

Special Revenue Funds - Other
 Combining Schedule of Revenues, Expenditures and Transfers -
 Budget and Actual-Budget Basis
 Year ended September 30, 2002
 (In thousands)

City of Austin, Texas
 Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Urban growth management							
Neighborhood Planning and Zoning:							
Neighborhood Housing and Conservation							
Actual-budget basis	\$ 1,164	41	1,032	813	--	(178)	986
Budget	373	68	1,709	1,020	366	(987)	(614)
Variance	791	(27)	677	(207)	366	809	1,600
Development Services and Watershed Protection:							
Energy Conservation Rebates and Incentives							
Actual-budget basis	1,687	8,122	8,736	--	--	(614)	1,073
Budget	810	9,352	9,758	--	--	(406)	404
Variance	877	(1,230)	1,022	--	--	(208)	669
Public Improvement District							
Actual-budget basis	244	1,422	1,504	150	--	68	312
Budget	334	1,495	1,504	150	--	141	475
Variance	(90)	(73)	--	--	--	(73)	(163)
Other							
Hotel-Motel Occupancy Tax							
Actual-budget basis	--	24,759	--	--	24,759	--	--
Budget	--	30,979	--	--	30,979	--	--
Variance	--	(6,220)	--	--	6,220	--	--
One Texas Center							
Actual-budget basis	\$ (555)	1,862	--	--	1,400	462	(93)
Budget	(514)	1,869	--	--	1,867	2	(512)
Variance	(41)	(7)	--	--	467	460	419

(Continued)

Special Revenue Funds - Other
 Combining Schedule of Revenues, Expenditures and Transfers -
 Budget and Actual-Budget Basis
 Year ended September 30, 2002
 (In thousands)

City of Austin, Texas
 Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Sustainability							
Actual-budget basis	\$ (15)	--	3,871	9,059	5,093	95	80
Budget	--	--	3,900	12,223	8,323	--	--
Variance	(15)	--	29	(3,164)	3,230	95	80
Tourism and Promotion							
Actual-budget basis	1,245	22	4,661	4,114	--	(525)	720
Budget	67	65	5,260	5,116	--	(79)	(12)
Variance	1,178	(43)	599	(1,002)	--	(446)	732
Vehicle Rental Tax							
Actual-budget basis	(1,033)	4,795	--	--	5,951	(1,156)	(2,189)
Budget	(4,021)	5,472	--	--	6,558	(1,086)	(5,107)
Variance	2,988	(677)	--	--	607	(70)	2,918
Total							
Actual-budget basis	\$ 8,906	56,393	39,270	17,803	39,241	(4,315)	4,591
Budget	(1,836)	63,321	44,088	22,901	50,187	(8,053)	(9,889)
Variance	10,742	(6,928)	4,818	(5,098)	10,946	3,738	14,480





DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt. The two debt service funds are as follows:

The General Obligation Debt Service Fund – used for payments of principal, interest and related costs of general obligation and other tax-supported debt;

The Section 108 Loans Fund - used to account for HUD loans for construction costs.



**Debt Service Funds
Combining Balance Sheet
September 30, 2002
(In thousands)**

**City of Austin, Texas
Exhibit E-14**

	<u>General Obligation</u>	<u>HUD Section 108 Loans</u>	<u>2002 Total</u>
ASSETS			
Pooled investments and cash	\$ 262	--	262
Investments, at fair value	15,872	--	15,872
Property taxes receivable	3,968	--	3,968
Less allowance for uncollectible taxes	(678)	--	(678)
Net property taxes receivable	3,290	--	3,290
Due from other funds	69	--	69
Advances to other funds	2,479	--	2,479
Total assets	<u>21,972</u>	<u>--</u>	<u>21,972</u>
LIABILITIES AND FUND BALANCES			
Due to other funds	491	--	491
Deferred revenue	3,870	--	3,870
Advances from other funds	135	--	135
Deposits and other liabilities	1,025	--	1,025
Total liabilities	<u>5,521</u>	<u>--</u>	<u>5,521</u>
Fund balances			
Reserved:			
Debt service	16,451	--	16,451
Total fund balances	<u>16,451</u>	<u>--</u>	<u>16,451</u>
Total liabilities and fund balances	<u>\$ 21,972</u>	<u>--</u>	<u>21,972</u>

Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-15

	General Obligation	HUD Section 108 Loans	2002 Total
REVENUES			
Property taxes	\$ 72,782	--	72,782
Fines, forfeitures and penalties	490	--	490
Intergovernmental	113	--	113
Interest and other	10,332	1,291	11,623
Total revenues	83,717	1,291	85,008
EXPENDITURES			
Debt service:			
Principal	43,867	515	44,382
Interest	35,790	776	36,566
Fees and commissions	7	--	7
Total expenditures	79,664	1,291	80,955
Excess (deficiency) of revenues over expenditures	4,053	--	4,053
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	14,685	--	14,685
Payment to escrow agent	(14,685)	--	(14,685)
Transfers in	2,127	--	2,127
Transfers out	(6,196)	--	(6,196)
Total other financing sources (uses)	(4,069)	--	(4,069)
Net change in fund balances	(16)	--	(16)
Fund balances at beginning of year	16,467	--	16,467
Fund balances at end of year	\$ 16,451	--	16,451

Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual-Budget Basis
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-16

	General Obligation			HUD Section 108 Loans			2002 Total
	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual- Budget Basis	Budget	Variance- Positive (Negative)	
REVENUES							
General property taxes	\$ 73,272	73,227	45	--	--	--	73,272
Interest	1,100	2,045	(945)	--	--	--	1,100
Other revenue	2,947	2,500	447	1,291	1,273	18	4,238
Total revenues	<u>77,319</u>	<u>77,772</u>	<u>(453)</u>	<u>1,291</u>	<u>1,273</u>	<u>18</u>	<u>78,610</u>
EXPENDITURES							
Principal retirement	52,389	52,309	(80)	515	515	--	52,904
Interest and other	39,630	39,920	290	776	749	(27)	40,406
Fees and commissions	7	13	6	--	9	9	7
Total expenditures	<u>92,026</u>	<u>92,242</u>	<u>216</u>	<u>1,291</u>	<u>1,273</u>	<u>(18)</u>	<u>93,317</u>
Excess (deficiency) of revenues over expenditures	(14,707)	(14,470)	(237)	--	--	--	(14,707)
OTHER FINANCING SOURCES (USES)							
Issuance of refunding bonds	14,685	--	14,685	--	--	--	14,685
Payment to escrow agent	(14,685)	--	(14,685)	--	--	--	(14,685)
Transfers in	12,072	12,600	(528)	--	--	--	12,072
Total other financing sources (uses)	<u>12,072</u>	<u>12,600</u>	<u>(528)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>12,072</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,635)	(1,870)	(765)	--	--	--	(2,635)
Fund balances at beginning of year	16,467	9,333	7,134	--	--	--	16,467
Fund balances at end of year	<u>\$ 13,832</u>	<u>7,463</u>	<u>6,369</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>13,832</u>



CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds. There are eight major groups of funds that account for the activities related to the capital improvement projects:

Prior

to 1984: Funds authorized prior to 1981;

Funds authorized August 29, 1981, for street and drainage, fire stations, traffic signals and emergency medical service projects;

Funds authorized September 11, 1982, for various purposes;

Funds authorized October 22, 1983, for Jollyville Road Improvements;

1984: Funds authorized September 8, 1984, for various purposes;

1985: Funds authorized January 19, 1985, for cultural arts;

Funds authorized July 26, 1985, for parks and recreation;

Funds authorized September 26, 1985, for art in public places;

Funds authorized December 14, 1985, for various purposes;

1987: Funds authorized September 3, 1987, for street improvements;

1992: Funds authorized August 10, 1992, for various purposes;

1997: Funds authorized May 3, 1997, for radio trunking;

1998: Funds authorized November 3, 1998, for various purposes;

2000: Funds authorized November 7, 2000, for street improvements and land acquisition; and

Other: Other funds established for various purposes.



**Capital Projects Funds
Balance Sheet
September 30, 2002
(In thousands)**

**City of Austin, Texas
Exhibit E-17**

	<u>2002</u>
ASSETS	
Pooled investments and cash	\$ 251,116
Accounts and other taxes receivable	4,367
Less allowance for doubtful accounts	(141)
Net accounts receivable	<u>4,226</u>
Due from other funds	613
Other assets	840
Total assets	<u><u>256,795</u></u>
LIABILITIES AND FUND BALANCES	
Accounts payable	22,662
Due to other funds	613
Deposits and other liabilities	<u>1,553</u>
Total liabilities	<u>24,828</u>
Fund balances	
Reserved:	
Encumbrances	84,091
Unreserved, undesignated:	
Capital projects	<u>147,876</u>
Total fund balances	<u>231,967</u>
Total liabilities and fund balances	<u><u>\$ 256,795</u></u>

Capital Projects Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit E-18

	<u>2002</u>
REVENUES	
Intergovernmental	\$ 4,793
Property owners' participation and contributions	13,214
Interest and other	6,382
Total revenues	<u>24,389</u>
EXPENDITURES	
Capital outlay	174,239
Total expenditures	<u>174,239</u>
Excess (deficiency) of revenues over expenditures	(149,850)
OTHER FINANCING SOURCES (USES)	
Issuance of tax supported debt	254,505
Transfers in	18,719
Transfers out	(10,086)
Total other financing sources (uses)	<u>263,138</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	113,288
Special items - purchased land lease rights	(4,000)
Net change in fund balances	<u>109,288</u>
Fund balances at beginning of year	<u>122,679</u>
Fund balances at end of year	<u><u>\$ 231,967</u></u>

**Capital Projects Funds
Combining Balance Sheet
September 30, 2002
(In thousands)**

	Assets						Total Assets
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	
Funds Authorized							
Prior to 1981							
Parks and recreation	\$ 177	--	--	--	--	--	177
Police and courts	2	--	--	--	--	--	2
Street improvements	57	--	--	--	--	--	57
Library	7	--	--	--	--	--	7
Health centers	9	--	--	--	--	--	9
	252	--	--	--	--	--	252
Funds Authorized							
August 29, 1981							
Street and drainage	3	--	--	--	--	--	3
Fire stations	24	--	--	--	--	--	24
EMS buildings	303	--	--	--	--	--	303
	330	--	--	--	--	--	330
Funds Authorized							
September 11, 1982							
Street and drainage	--	--	--	--	--	--	--
Flood prevention	128	--	--	--	--	--	128
Public works parking	--	--	--	--	--	--	--
Public works service center	--	--	--	--	--	--	--
Traffic signals	--	--	--	--	--	--	--
Parks--various	184	--	--	--	--	--	184
Environmental resources	2	--	--	--	--	--	2
Fire/EMS building	43	--	--	--	--	--	43
	357	--	--	--	--	--	357
Funds Authorized							
October 22, 1983							
Jollyville road improvements	27	--	--	--	--	--	27
Energy improvements - city facilities	--	--	--	--	--	--	--
	27	--	--	--	--	--	27
Total Prior to 1984	966	--	--	--	--	--	966
Funds Authorized							
September 8, 1984							
Zilker land acquisition	--	--	--	--	--	--	--
PARD pools	5	--	--	--	--	--	5
Parkland acquisition	2	--	--	--	--	--	2
Parks/Old Bakery	--	--	--	--	--	--	--
Drainage and flood improvements	4,816	--	--	--	240	--	5,056
Street improvements	3,368	331	--	331	--	--	3,699
Fire improvements	11	--	--	--	--	--	11
Libraries	1	--	--	--	--	--	1
Police facilities	--	--	--	--	--	--	--
Traffic signals	4	--	--	--	--	--	4
EMS/Fire facility	3	--	--	--	--	--	3
	\$ 8,210	331	--	331	240	--	8,781

Liabilities				Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
--	--	--	--	--	177	177	177
--	--	--	--	--	2	2	2
--	--	--	--	--	57	57	57
--	--	--	--	--	7	7	7
--	--	--	--	--	9	9	9
--	--	--	--	--	252	252	252
--	--	--	--	--	3	3	3
--	--	--	--	--	24	24	24
--	--	--	--	26	277	303	303
--	--	--	--	26	304	330	330
--	--	--	--	--	--	--	--
--	--	--	--	--	128	128	128
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
2	--	--	2	7	175	182	184
--	--	--	--	--	2	2	2
--	--	--	--	--	43	43	43
2	--	--	2	7	348	355	357
--	--	--	--	--	27	27	27
--	82	--	82	5	(87)	(82)	--
--	82	--	82	5	(60)	(55)	27
2	82	--	84	38	844	882	966
--	--	--	--	--	--	--	--
--	--	--	--	--	5	5	5
--	--	--	--	--	2	2	2
--	145	--	145	61	(206)	(145)	--
--	--	--	--	197	4,859	5,056	5,056
10	--	--	10	298	3,391	3,689	3,699
--	--	--	--	--	11	11	11
--	--	--	--	--	1	1	1
--	14	--	14	--	(14)	(14)	--
--	--	--	--	--	4	4	4
--	--	--	--	--	3	3	3
10	159	--	169	556	8,056	8,612	8,781

(Continued)

**Capital Projects Funds
Combining Balance Sheet
September 30, 2002
(In thousands)**

	Assets						Total Assets
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	
Funds Authorized							
January 19, 1985							
Cultural arts	\$ 1,374	--	--	--	--	414	1,788
Downtown art museum	168	--	--	--	--	--	168
	<u>1,542</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>414</u>	<u>1,956</u>
Funds Authorized							
July 26, 1985							
Neighborhood park and recreation	4,327	--	--	--	--	--	4,327
Funds Authorized							
September 26, 1985							
Art in public places	15	--	--	--	--	--	15
Funds Authorized							
December 14, 1985							
Senior activity center	3	--	--	--	--	--	3
South Austin parkland	11	--	--	--	--	--	11
Parks Oak Hill	2	--	--	--	--	--	2
	<u>16</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>16</u>
Total Funds Authorized in 1985	<u>5,900</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>414</u>	<u>6,314</u>
Funds Authorized							
September 3, 1987							
Street resurfacing	109	141	(141)	--	--	--	109
Funds Authorized							
August 10, 1992							
EMS facility	49	--	--	--	--	--	49
Fire stations	12	--	--	--	--	--	12
Police substations	241	--	--	--	--	--	241
Asbestos abatement/ADA compliance/ East Austin health clinic	2,620	--	--	--	--	--	2,620
Erosion & flood control	5,630	--	--	--	--	--	5,630
Street & traffic signals	253	--	--	--	--	--	253
Neighborhood sidewalks	75	--	--	--	--	--	75
Parks and recreation facilities	778	--	--	--	--	--	778
Libraries	44	--	--	--	--	--	44
Balcones Canyonlands Conservation Plan	5	--	--	--	--	--	5
Barton Creek greenway	325	--	--	--	--	--	325
	<u>10,032</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>10,032</u>
Funds Authorized							
May 3, 1997							
Radio Trunking	18,945	1,425	--	1,425	--	--	20,370
	<u>\$ 18,945</u>	<u>1,425</u>	<u>--</u>	<u>1,425</u>	<u>--</u>	<u>--</u>	<u>20,370</u>

(Continued)

Liabilities				Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
--	--	--	--	4	1,784	1,788	1,788
--	--	--	--	--	168	168	168
--	--	--	--	4	1,952	1,956	1,956
6	--	--	6	46	4,275	4,321	4,327
--	--	--	--	--	15	15	15
--	--	--	--	--	3	3	3
--	--	--	--	--	11	11	11
--	--	--	--	--	2	2	2
--	--	--	--	--	16	16	16
6	--	--	6	50	6,258	6,308	6,314
--	--	--	--	63	46	109	109
--	--	--	--	--	49	49	49
--	--	--	--	2	10	12	12
100	--	--	100	185	(44)	141	241
4	--	--	4	248	2,368	2,616	2,620
--	--	--	--	348	5,282	5,630	5,630
--	--	--	--	--	253	253	253
--	--	--	--	37	38	75	75
2	--	--	2	92	684	776	778
--	--	--	--	24	20	44	44
--	--	--	--	--	5	5	5
--	--	--	--	--	325	325	325
106	--	--	106	936	8,990	9,926	10,032
1,030	--	--	1,030	11,959	7,381	19,340	20,370
1,030	--	--	1,030	11,959	7,381	19,340	20,370

(Continued)

Capital Projects Funds
Combining Balance Sheet
September 30, 2002
(In thousands)

	Assets						Total Assets
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	
Funds Authorized							
November 3, 1998							
Cultural arts and land	\$ 27,656	--	--	--	--	--	27,656
Drainage and flood control	4,547	--	--	--	--	--	4,547
Traffic signals	44,064	63	--	63	--	--	44,127
Public safety FAC	25,452	--	--	--	--	--	25,452
Parks and recreation facilities	13,351	--	--	--	--	--	13,351
	<u>115,070</u>	<u>63</u>	<u>--</u>	<u>63</u>	<u>--</u>	<u>--</u>	<u>115,133</u>
Funds Authorized							
2000							
Transportation Mobility Improvement	--	--	--	--	--	--	--
Open Spaces	7,472	--	--	--	46	--	7,518
	<u>7,472</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>46</u>	<u>--</u>	<u>7,518</u>
Other funds							
Planning & development improvements	750	--	--	--	--	--	750
TPSD general improvements	11,126	11	--	11	--	--	11,137
Parks-1992	--	--	--	--	--	--	--
Library automation system	458	--	--	--	--	--	458
Fire/EMS/NW Austin MUD #1	607	--	--	--	--	--	607
General government projects	12,087	--	--	--	--	--	12,087
Health projects	2,054	--	--	--	--	--	2,054
Build Austin	--	240	--	240	--	--	240
CMTA Mobility	18,013	1,018	--	1,018	--	--	19,031
Forsythia Drive	3	--	--	--	--	--	3
Central City Entertainment Center	28	--	--	--	--	--	28
Park improvements	3,774	--	--	--	--	--	3,774
Police and courts	174	--	--	--	--	--	174
Health centers	17	--	--	--	--	--	17
Neighborhood centers	8	--	--	--	--	--	8
Loan star improvements	331	--	--	--	--	--	331
Fire - general	5,517	--	--	--	--	--	5,517
Capital reserve	5,584	1,120	--	1,120	--	--	6,704
Public Works	--	--	--	--	--	--	--
One Texas Center	187	--	--	--	--	--	187
Watershed Protection	792	--	--	--	--	426	1,218
Great Streets	1,165	--	--	--	--	--	1,165
City Hall, plaza, parking garage	20,257	--	--	--	327	--	20,584
Conservation Land	--	18	--	18	--	--	18
Colony Park	648	--	--	--	--	--	648
Economic Development	539	--	--	--	--	--	539
Interest income fund	293	--	--	--	--	--	293
Total other funds	<u>84,412</u>	<u>2,407</u>	<u>--</u>	<u>2,407</u>	<u>327</u>	<u>426</u>	<u>87,572</u>
2002 Totals	<u>\$ 251,116</u>	<u>4,367</u>	<u>(141)</u>	<u>4,226</u>	<u>613</u>	<u>840</u>	<u>256,795</u>

(Continued)

Liabilities				Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
246	--	--	246	13,008	14,402	27,410	27,656
1	--	--	1	98	4,448	4,546	4,547
1,145	--	--	1,145	12,482	30,500	42,982	44,127
1,450	--	--	1,450	21,293	2,709	24,002	25,452
197	--	--	197	2,130	11,024	13,154	13,351
3,039	--	--	3,039	49,011	63,083	112,094	115,133
15,000	45	--	15,045	--	(15,045)	(15,045)	--
8	--	--	8	--	7,510	7,510	7,518
15,008	45	--	15,053	--	(7,535)	(7,535)	7,518
--	--	--	--	4	746	750	750
600	--	--	600	1,985	8,552	10,537	11,137
2	13	--	15	41	(56)	(15)	--
70	--	--	70	42	346	388	458
--	--	--	--	--	607	607	607
100	--	412	512	747	10,828	11,575	12,087
79	--	--	79	4,596	(2,621)	1,975	2,054
4	263	--	267	98	(125)	(27)	240
513	--	--	513	4,741	13,777	18,518	19,031
--	--	--	--	--	3	3	3
--	--	--	--	4	24	28	28
90	--	--	90	313	3,371	3,684	3,774
17	--	--	17	13	144	157	174
--	--	--	--	--	17	17	17
--	--	--	--	--	8	8	8
--	--	--	--	14	317	331	331
--	--	--	--	721	4,796	5,517	5,517
1,010	--	--	1,010	6,002	(308)	5,694	6,704
4	46	--	50	698	(748)	(50)	--
--	--	--	--	2	185	187	187
251	--	--	251	333	634	967	1,218
--	--	--	--	--	1,165	1,165	1,165
721	--	250	971	1,124	18,489	19,613	20,584
--	5	15	20	--	(2)	(2)	18
--	--	--	--	--	648	648	648
--	--	--	--	--	539	539	539
--	--	876	876	--	(583)	(583)	293
3,461	327	1,553	5,341	21,478	60,753	82,231	87,572
22,662	613	1,553	24,828	84,091	147,876	231,967	256,795

Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the year ended September 30, 2002
(In thousands)

	Revenues				Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
Funds Authorized					
Prior to 1981					
Parks and recreation	\$ --	--	--	--	--
Police and courts	--	--	--	--	--
Street improvements	--	--	--	--	--
Library	--	--	--	--	--
Health centers	--	--	--	--	--
Funds Authorized					
August 29, 1981					
Street and drainage	--	--	--	--	--
Fire stations	--	--	--	--	--
EMS buildings	--	--	--	--	26
					26
Funds Authorized					
September 11, 1982					
Street and drainage	--	--	--	--	--
Flood prevention	--	--	--	--	--
Public works parking	--	--	--	--	--
Public works service center	--	--	--	--	--
Traffic signals	--	--	--	--	--
Parks--various	--	--	--	--	70
Environmental resources	--	--	--	--	--
Fire/EMS building	--	--	--	--	--
					70
Funds Authorized					
October 22, 1983					
Jollyville road improvements	--	--	--	--	--
Energy improvements - city facilities	--	--	--	--	--
					--
Total Prior to 1984	--	--	--	--	96
Funds Authorized					
September 8, 1984					
Zilker land acquisition	--	--	--	--	--
PARD pools	--	--	--	--	--
Parkland acquisition	--	--	--	--	--
Parks/Old Bakery	--	--	--	--	36
Drainage and flood improvements	--	--	--	--	149
Street improvements	--	--	--	--	3,368
Fire improvements	--	--	--	--	--
Libraries	--	--	--	--	--
Police facilities	--	--	--	--	--
Traffic signals	--	--	--	--	5
EMS/Fire facility	--	--	--	--	1
\$	--	--	--	--	3,559

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)				Total	Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	Special Item- Purchased Land Lease Rights	Net Change In Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Transfers In	Transfers Out							
--	--	--	--	--	--	--	--	--	177	177
--	--	--	--	--	--	--	--	--	2	2
--	--	--	--	--	--	--	--	--	57	57
--	--	--	--	--	--	--	--	--	7	7
--	--	--	--	--	--	--	--	--	9	9
--	--	--	--	--	--	--	--	--	252	252
--	--	--	--	--	--	--	--	--	3	3
--	--	--	--	--	--	--	--	--	24	24
(26)	--	--	--	--	--	(26)	--	(26)	329	303
(26)	--	--	--	--	--	(26)	--	(26)	356	330
--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	128	128
--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--
(70)	--	--	--	--	--	(70)	--	(70)	252	182
--	--	--	--	--	--	--	--	--	2	2
--	--	--	--	--	--	--	--	--	43	43
(70)	--	--	--	--	--	(70)	--	(70)	425	355
--	--	--	--	--	--	--	--	--	27	27
--	--	--	--	--	--	--	--	--	(82)	(82)
--	--	--	--	--	--	--	--	--	(55)	(55)
(96)	--	--	--	--	--	(96)	--	(96)	978	882
--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	5	5
--	(382)	--	--	(382)	(382)	(382)	--	(382)	384	2
(36)	382	--	--	382	346	346	--	346	(491)	(145)
(149)	1,991	--	--	1,991	1,842	1,842	--	1,842	3,214	5,056
(3,368)	--	--	--	--	(3,368)	(3,368)	--	(3,368)	7,057	3,689
--	--	--	--	--	--	--	--	--	11	11
--	--	--	--	--	--	--	--	--	1	1
--	--	--	--	--	--	--	--	--	(14)	(14)
(5)	--	--	--	--	--	(5)	--	(5)	9	4
(1)	--	--	--	--	--	(1)	--	(1)	4	3
(3,559)	1,991	--	--	1,991	(1,568)	(1,568)	--	(1,568)	10,180	8,612

(Continued)

Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the year ended September 30, 2002
(In thousands)

	Revenues			Total Revenues	Expenditures
	Inter- governmental Revenues	Property Owners' Participation and Contributions	Interest and Other		Capital Outlay
Funds Authorized					
January 19, 1985					
Cultural arts	\$ --	--	25	25	34
Downtown art museum	--	--	--	--	--
	--	--	25	25	34
Funds Authorized					
July 26, 1985					
Neighborhood park and recreation	--	1,219	385	1,604	582
Funds Authorized					
September 26, 1985					
Art in public places	--	--	27	27	12
Funds Authorized					
December 14, 1985					
Senior activity center	--	--	--	--	10
South Austin parkland	--	--	--	--	--
Parks Oak Hill	--	--	--	--	1
	--	--	--	--	11
Total funds authorized in 1985	--	1,219	437	1,656	639
Funds Authorized					
September 3, 1987					
Street resurfacing	--	200	2	202	39
Funds Authorized					
August 10, 1992					
EMS facility	--	--	--	--	--
Fire stations	--	--	--	--	21
Police substations	--	--	--	--	255
Asbestos abatement/ADA compliance/ East Austin health clinic	--	--	--	--	1,055
Erosion & flood control	--	--	--	--	421
Street & traffic signals	--	--	--	--	237
Neighborhood sidewalks	--	--	--	--	17
Parks and recreation facilities	345	--	--	345	161
Libraries	--	--	--	--	12
Balcones Canyonlands Conservation Plan	--	--	--	--	19
Barton Creek greenway	--	--	--	--	--
	345	--	--	345	2,198
Funds Authorized					
May 3, 1997					
Radio Trunking	--	5,631	--	5,631	14,343
\$	--	5,631	--	5,631	14,343

(Continued)

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)				Total	Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	Special Item- Purchased Land Lease Rights	Net Change In Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Transfers In	Transfers Out	Total						
(9)	--	--	(25)	(25)	(34)	--	(34)	1,822	1,788	
--	--	--	--	--	--	--	--	168	168	
(9)	--	--	(25)	(25)	(34)	--	(34)	1,990	1,956	
1,022	--	1,465	(1,465)	--	1,022	--	1,022	3,299	4,321	
15	--	--	--	--	15	--	15	--	15	
(10)	--	--	--	--	(10)	--	(10)	13	3	
--	--	--	--	--	--	--	--	11	11	
(1)	--	--	--	--	(1)	--	(1)	3	2	
(11)	--	--	--	--	(11)	--	(11)	27	16	
1,017	--	1,465	(1,490)	(25)	992	--	992	5,316	6,308	
163	--	--	--	--	163	--	163	(54)	109	
--	--	--	--	--	--	--	--	49	49	
(21)	--	--	--	--	(21)	--	(21)	33	12	
(255)	--	650	--	650	395	--	395	(254)	141	
(1,055)	2,070	--	--	2,070	1,015	--	1,015	1,601	2,616	
(421)	1,927	--	--	1,927	1,506	--	1,506	4,124	5,630	
(237)	--	--	--	--	(237)	--	(237)	490	253	
(17)	--	--	--	--	(17)	--	(17)	92	75	
184	--	--	--	--	184	--	184	592	776	
(12)	--	--	--	--	(12)	--	(12)	56	44	
(19)	--	--	--	--	(19)	--	(19)	24	5	
--	--	--	--	--	--	--	--	325	325	
(1,853)	3,997	650	--	4,647	2,794	--	2,794	7,132	9,926	
(8,712)	--	--	--	--	(8,712)	--	(8,712)	28,052	19,340	
(8,712)	--	--	--	--	(8,712)	--	(8,712)	28,052	19,340	

(Continued)

Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the year ended September 30, 2002
(In thousands)

	Revenues				Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
Funds Authorized					
November 3, 1998					
Cultural arts and land	\$ --	--	--	--	2,472
Drainage and flood control	--	--	--	--	591
Traffic signals	--	--	--	--	16,628
Public safety FAC	--	--	--	--	15,202
Parks and recreation facilities	--	--	--	--	15,019
	--	--	--	--	49,912
Funds Authorized					
2000					
Transportation Mobility Improvements	--	--	--	--	45,045
Open Spaces	--	--	--	--	2,490
	--	--	--	--	47,535
Other funds					
Planning & development improvements	--	--	--	--	--
TPSD general improvements	--	465	--	465	8,573
Parks project 1992	--	--	--	--	322
Library automation system	--	12	--	12	728
Fire/EMS/NW Austin MUD #1	--	--	18	18	--
General government projects	--	--	--	--	1,242
Health projects	202	--	--	202	4,140
Build Austin	548	--	--	548	460
CMTA Mobility	3,042	--	700	3,742	14,476
Forsythia Drive	--	--	--	--	--
Central City Entertainment Center	--	--	3	3	--
Park improvements	--	--	--	--	1,383
Police and courts	--	--	--	--	1,514
Health centers	--	--	--	--	--
Neighborhood centers	--	--	--	--	--
Loan star improvements	--	--	--	--	--
Fire - general	--	--	--	--	856
Capital reserve	--	5,687	--	5,687	9,715
Library	--	--	--	--	6
Public Works	619	--	--	619	563
One Texas Center	--	--	--	--	--
Watershed Protection	--	--	--	--	1,448
Tanglewood park	--	--	--	--	(64)
Great Streets	--	--	--	--	--
City Hall, plaza, parking garage	37	--	--	37	10,556
Conservation Land	--	--	3	3	--
Colony Park	--	--	--	--	--
Economic Development	--	--	--	--	--
Interest income fund	--	--	5,219	5,219	--
Total other funds	4,448	6,164	5,943	16,555	55,918
2002 Totals	\$ 4,793	13,214	6,382	24,389	174,239

(Continued)

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)				Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	Special Item- Purchased Land Lease Rights	Net Change In Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Transfers In	Transfers Out	Total					
(2,472)	23,350	--	--	23,350	20,878	--	20,878	6,532	27,410
(591)	--	--	--	--	(591)	--	(591)	5,137	4,546
(16,628)	64,007	--	--	64,007	47,379	--	47,379	(4,397)	42,982
(15,202)	24,315	--	--	24,315	9,113	--	9,113	14,889	24,002
(15,019)	21,605	--	--	21,605	6,586	--	6,586	6,568	13,154
(49,912)	133,277	--	--	133,277	83,365	--	83,365	28,729	112,094
(45,045)	30,000	--	--	30,000	(15,045)	--	(15,045)	--	(15,045)
(2,490)	10,000	--	--	10,000	7,510	--	7,510	--	7,510
(47,535)	40,000	--	--	40,000	(7,535)	--	(7,535)	--	(7,535)
--	--	--	--	--	--	--	--	750	750
(8,108)	--	2,858	--	2,858	(5,250)	--	(5,250)	15,787	10,537
(322)	--	--	--	--	(322)	--	(322)	307	(15)
(716)	--	660	--	660	(56)	--	(56)	444	388
18	--	--	--	--	18	--	18	589	607
(1,242)	--	5,862	(299)	5,563	4,321	--	4,321	7,254	11,575
(3,938)	5,400	--	--	5,400	1,462	--	1,462	513	1,975
88	--	--	--	--	88	--	88	(115)	(27)
(10,734)	29,500	--	--	29,500	18,766	--	18,766	(248)	18,518
--	--	--	--	--	--	--	--	3	3
3	--	--	--	--	3	--	3	25	28
(1,383)	--	1,715	(665)	1,050	(333)	--	(333)	4,017	3,684
(1,514)	1,385	100	(650)	835	(679)	--	(679)	836	157
--	--	--	--	--	--	--	--	17	17
--	--	--	--	--	--	--	--	8	8
--	--	--	--	--	--	--	--	331	331
(856)	--	300	--	300	(556)	--	(556)	6,073	5,517
(4,028)	--	813	(160)	653	(3,375)	--	(3,375)	9,069	5,694
(6)	--	--	--	--	(6)	--	(6)	6	--
56	--	--	--	--	56	--	56	(106)	(50)
--	--	--	--	--	--	--	--	187	187
(1,448)	1,000	1,150	(243)	1,907	459	--	459	508	967
64	--	--	--	--	64	--	64	(64)	--
--	--	535	--	535	535	--	535	630	1,165
(10,519)	37,955	1,387	--	39,342	28,823	(4,000)	24,823	(5,210)	19,613
3	--	--	--	--	3	--	3	(5)	(2)
--	--	660	--	660	660	--	660	(12)	648
--	--	539	--	539	539	--	539	--	539
5,219	--	25	(6,579)	(6,554)	(1,335)	--	(1,335)	752	(583)
(39,363)	75,240	16,604	(8,596)	83,248	43,885	(4,000)	39,885	42,346	82,231
(149,850)	254,505	18,719	(10,086)	263,138	113,288	(4,000)	109,288	122,679	231,967





PERMANENT FUNDS

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – this is, for the benefit of the government or its citizenry.

3M Maintenance Endowment – Purpose is to account for 3M Mitigation Land Endowment.

Ellis Library Trust – Purpose is to account for principal and interest income earned on the principal from the Ellis estate. This income is used for purchasing books on the subject of mental health.

Perpetual Care – Revenues to be used for maintenance and care of cemeteries.



Permanent Funds
Combining Balance Sheet
September 30, 2002
(In thousands)

City of Austin, Texas
 Exhibit E-21

	3M			2002 Total
	Maintenance Endowment	Ellis Library Trust	Perpetual Care	
ASSETS				
Pooled investments and cash	\$ 50	22	1,252	1,324
Total assets	50	22	1,252	1,324
LIABILITIES AND FUND BALANCES				
Fund balances				
Reserved:				
Permanent funds	50	9	981	1,040
Unreserved, undesignated:				
Permanent funds	--	13	271	284
Total fund balances	50	22	1,252	1,324
Total liabilities and fund balances	\$ 50	22	1,252	1,324

Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
 Exhibit E-22

	3M			
	Maintenance	Ellis Library	Perpetual	2002
	Endowment	Trust	Care	Total
REVENUES				
Interest and other	\$ --	--	37	37
Total revenues	--	--	37	37
EXPENDITURES				
Public recreation and culture	--	--	16	16
Total expenditures	--	--	16	16
Net change in fund balances	--	--	21	21
Fund balances at beginning of year	50	22	1,231	1,303
Fund balances at end of year	\$ 50	22	1,252	1,324





NONMAJOR ENTERPRISE FUNDS

Enterprise funds account for the acquisition, operations and maintenance of the City's facilities and services that are entirely or predominantly supported by user charges or those for which the City has decided that periodic determination of the revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. All activities necessary to provide services are accounted for in these funds, including, but not limited to, administration, operations, and maintenance. The nonmajor enterprise funds are as follows:

- The Convention Center Fund;
- The Drainage Fund;
- The Golf Fund;
- The Hospital Fund;
- The Parks and Recreation Fund;
- The Primary Care Fund;
- The Solid Waste Services Fund; and
- The Transportation Fund;



Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2002
(In thousands)

	Convention Center	Drainage	Golf	Hospital	Parks and Recreation
ASSETS					
Current assets:					
Cash	\$ 6	2	1	--	--
Pooled investments and cash	14,987	1,157	308	66	60
Pooled investments and cash - designated	--	14,032	--	--	--
Total pooled investments and cash	14,987	15,189	308	66	60
Working capital advances	124	--	--	--	--
Accounts receivable	327	2,493	--	5,362	--
Less allowance for doubtful accounts	(9)	(103)	--	(3,198)	--
Net accounts receivable	318	2,390	--	2,164	--
Receivables from other governments	--	--	--	--	--
Due from other funds	--	491	--	--	--
Inventories, at cost	--	--	--	--	--
Prepaid expenses and other assets	31	48	--	--	--
Total current assets	15,466	18,120	309	2,230	60
Restricted assets					
Pooled investments and cash	44,866	19,031	1,321	--	--
Investments, at fair value	12,900	--	--	--	--
Interest receivable	267	--	--	--	--
Advances to other funds	--	24	--	--	--
Total restricted assets	58,033	19,055	1,321	--	--
Noncurrent assets:					
Capital assets					
Land and other nondepreciable assets	26,314	2,436	324	803	--
Property, plant and equipment in service	236,352	45,148	12,778	73,990	183
Less accumulated depreciation	(29,899)	(6,379)	(4,066)	(36,195)	(65)
Net property, plant and equipment in service	206,453	38,769	8,712	37,795	118
Construction in progress	19,301	13,211	2,169	--	--
Total capital assets	252,068	54,416	11,205	38,598	118
Deferred costs and expenses, net of amortization	18,495	7	19	--	--
Total noncurrent assets	270,563	54,423	11,224	38,598	118
Total assets	\$ 344,062	91,598	12,854	40,828	178

	Primary Care	Solid Waste Services	Transportation	2002 Total
ASSETS				
Current assets:				
Cash	2	3	1	15
Pooled investments and cash	1,191	2,168	4,419	24,356
Pooled investments and cash - designated	--	6,047	--	20,079
Total pooled investments and cash	1,191	8,215	4,419	44,435
Working capital advances	--	--	--	124
Accounts receivable	900	4,597	1,510	15,189
Less allowance for doubtful accounts	(40)	(152)	(244)	(3,746)
Net accounts receivable	860	4,445	1,266	11,443
Receivables from other governments	743	--	--	743
Due from other funds	1,198	--	--	1,689
Inventories, at cost	338	--	207	545
Prepaid expenses and other assets	28	45	--	152
Total current assets	4,360	12,708	5,893	59,146
Restricted assets				
Pooled investments and cash	--	3,007	26	68,251
Investments, at fair value	--	--	--	12,900
Interest receivable	--	--	--	267
Advances to other funds	--	--	--	24
Total restricted assets	--	3,007	26	81,442
Noncurrent assets:				
Capital assets				
Land and other nondepreciable assets	--	10,662	--	40,539
Property, plant and equipment in service	913	53,619	11,546	434,529
Less accumulated depreciation	(535)	(21,934)	(5,234)	(104,307)
Net property, plant and equipment in service	378	31,685	6,312	330,222
Construction in progress	9	3,799	--	38,489
Total capital assets	387	46,146	6,312	409,250
Deferred costs and expenses, net of amortization	--	36	1	18,558
Total noncurrent assets	387	46,182	6,313	427,808
Total assets	4,747	61,897	12,232	568,396

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2002
(In thousands)

	Convention Center	Drainage	Golf	Hospital	Parks and Recreation
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 507	1,069	53	757	91
Accrued payroll	172	321	70	3	48
Accrued compensated absences	380	753	118	1	41
Due to other funds	--	--	45	1,198	--
Interest payable on other debt	--	62	36	--	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	473	446	--	--
Deferred credits and other liabilities	--	--	--	155	--
Total current liabilities	1,059	2,678	768	2,114	180
Liabilities payable from restricted assets:					
Accounts and retainage payable	3,702	1,684	13	--	--
Accrued interest payable	5,125	--	--	--	--
Current portion of general obligation bonds payable	370	--	--	--	--
Current portion of revenue bonds payable	3,255	--	--	--	--
Customer and escrow deposits	1,014	212	--	--	--
Total liabilities payable from restricted assets	13,466	1,896	13	--	--
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	214	621	176	--	34
Advances from other funds	--	--	--	--	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	9,787	10,554	8,405	--	--
Revenue bonds payable, net of discount and inclusive of premium	233,443	--	--	--	--
Accrued landfill closure and postclosure costs	--	--	--	--	--
Deferred credits and other liabilities	--	--	4	--	--
Total noncurrent liabilities	243,444	11,175	8,585	--	34
Total liabilities	257,969	15,749	9,366	2,114	214
NET ASSETS					
Invested in capital assets, net of related debt	29,132	52,551	2,925	38,598	118
Restricted for:					
Debt service	38	--	--	--	--
Capital projects	27,414	7,978	--	--	--
Renewal and replacement	978	--	--	--	--
Unrestricted (deficit)	28,531	15,320	563	116	(154)
Total net assets	\$ 86,093	75,849	3,488	38,714	(36)

(Continued)

	Primary Care	Solid Waste Services	Transportation	2002 Total
LIABILITIES				
Current liabilities:				
Accounts payable	887	773	976	5,113
Accrued payroll	285	391	208	1,498
Accrued compensated absences	576	855	468	3,192
Due to other funds	--	--	--	1,243
Interest payable on other debt	--	106	6	210
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	1,965	123	3,007
Deferred credits and other liabilities	83	326	--	564
Total current liabilities	1,831	4,416	1,781	14,827
Liabilities payable from restricted assets:				
Accounts and retainage payable	--	132	--	5,531
Accrued interest payable	--	--	--	5,125
Current portion of general obligation bonds payable	--	--	--	370
Current portion of revenue bonds payable	--	--	--	3,255
Customer and escrow deposits	--	225	--	1,451
Total liabilities payable from restricted assets	--	357	--	15,732
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	126	308	361	1,840
Advances from other funds	--	639	--	639
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	17,418	196	46,360
Revenue bonds payable, net of discount and inclusive of premium	--	--	--	233,443
Accrued landfill closure and postclosure costs	--	7,188	--	7,188
Deferred credits and other liabilities	--	--	--	4
Total noncurrent liabilities	126	25,553	557	289,474
Total liabilities	1,957	30,326	2,338	320,033
NET ASSETS				
Invested in capital assets, net of related debt	387	29,450	6,020	159,181
Restricted for:				
Debt service	--	--	--	38
Capital projects	--	--	--	35,392
Renewal and replacement	--	--	--	978
Unrestricted (deficit)	2,403	2,121	3,874	52,774
Total net assets	2,790	31,571	9,894	248,363

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the year ended September 30, 2002
(In thousands)

	<u>Convention Center</u>	<u>Drainage</u>	<u>Golf</u>	<u>Hospital</u>	<u>Parks and Recreation</u>
OPERATING REVENUES					
User fees and rentals	\$ 10,376	24,341	6,359	10,213	3,851
Operating revenues from other governments	--	--	--	3,116	--
Other operating revenues	--	--	--	--	--
Total operating revenues	<u>10,376</u>	<u>24,341</u>	<u>6,359</u>	<u>13,329</u>	<u>3,851</u>
OPERATING EXPENSES					
Operating expenses before depreciation	18,927	22,489	5,625	1,817	3,984
Depreciation and amortization	5,643	1,784	438	2,470	13
Total operating expenses	<u>24,570</u>	<u>24,273</u>	<u>6,063</u>	<u>4,287</u>	<u>3,997</u>
Operating income (loss)	<u>(14,194)</u>	<u>68</u>	<u>296</u>	<u>9,042</u>	<u>(146)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	3,277	769	50	1,137	3
Interest on revenue bonds and other debt	(14,693)	(107)	(448)	--	--
Interest capitalized during construction	2,930	111	91	--	--
Amortization of bond issue cost	(168)	--	(2)	--	--
Other nonoperating expense	(74)	(37)	(83)	--	--
Total nonoperating revenues (expenses)	<u>(8,728)</u>	<u>736</u>	<u>(392)</u>	<u>1,137</u>	<u>3</u>
Income (loss) before contributions and transfers	<u>(22,922)</u>	<u>804</u>	<u>(96)</u>	<u>10,179</u>	<u>(143)</u>
Capital contributions	--	2,705	(139)	--	(22)
Transfers in	23,833	299	--	--	--
Transfers out	(75)	(732)	--	(47,932)	--
Change in net assets	<u>836</u>	<u>3,076</u>	<u>(235)</u>	<u>(37,753)</u>	<u>(165)</u>
Total net assets - beginning	<u>85,257</u>	<u>72,773</u>	<u>3,723</u>	<u>76,467</u>	<u>129</u>
Total net assets - ending	<u>\$ 86,093</u>	<u>75,849</u>	<u>3,488</u>	<u>38,714</u>	<u>(36)</u>

	Primary Care	Solid Waste Services	Transportation	2002 Total
OPERATING REVENUES				
User fees and rentals	10,442	38,154	20,453	124,189
Operating revenues from other governments	--	--	--	3,116
Other operating revenues	44	--	--	44
Total operating revenues	10,486	38,154	20,453	127,349
OPERATING EXPENSES				
Operating expenses before depreciation	18,772	34,850	18,185	124,649
Depreciation and amortization	47	3,380	1,085	14,860
Total operating expenses	18,819	38,230	19,270	139,509
Operating income (loss)	(8,333)	(76)	1,183	(12,160)
NONOPERATING REVENUES (EXPENSES)				
Interest and other revenues	83	373	90	5,782
Interest on revenue bonds and other debt	--	(1,068)	(16)	(16,332)
Interest capitalized during construction	--	391	--	3,523
Amortization of bond issue cost	--	(3)	--	(173)
Other nonoperating expense	--	(158)	(17)	(369)
Total nonoperating revenues (expenses)	83	(465)	57	(7,569)
Income (loss) before contributions and transfers	(8,250)	(541)	1,240	(19,729)
Capital contributions	301	--	638	3,483
Transfers in	10,739	2,448	--	37,319
Transfers out	--	(639)	(243)	(49,621)
Change in net assets	2,790	1,268	1,635	(28,548)
Total net assets - beginning	--	30,303	8,259	276,911
Total net assets - ending	2,790	31,571	9,894	248,363

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2002
(In thousands)

	Convention Center	Drainage	Golf	Hospital	Parks and Recreation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 10,688	24,469	6,359	8,335	3,851
Cash payments to suppliers for goods and services	(10,815)	(8,104)	(2,513)	(847)	(1,453)
Cash payments to employees for services	(7,984)	(13,326)	(3,114)	(115)	(2,499)
Cash payments to claimants/beneficiaries	--	--	--	--	--
Cash received from other governments	--	--	--	4,314	--
Net cash provided (used) by operating activities	(8,111)	3,039	732	11,687	(101)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	23,833	299	--	--	--
Transfers out	(75)	(732)	--	(47,932)	--
Interest paid on revenue notes and other debt	--	--	--	--	--
Loans to other funds	--	(515)	--	--	--
Loans from other funds	--	--	30	--	--
Net cash provided (used) by noncapital financing activities	23,758	(948)	30	(47,932)	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the sale of general obligation bonds and other tax supported debt	10,000	8,975	870	--	--
Principal paid on long-term debt	(3,441)	(187)	(504)	--	--
Purchased interest received	--	10	--	--	--
Interest paid on revenue bonds and other debt	(14,153)	(109)	(449)	--	--
Acquisition and construction of capital assets	(65,631)	(6,990)	(893)	--	(33)
Contributions in aid of construction	--	2,110	--	--	--
Bond premiums	--	--	--	--	--
Net cash provided (used) by capital and related financing activities	\$ (73,225)	3,809	(976)	--	(33)

	Primary Care	Solid Waste Services	Transportation	2002 Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	9,039	38,146	20,519	121,406
Cash payments to suppliers for goods and services	(5,685)	(16,705)	(8,879)	(55,001)
Cash payments to employees for services	(12,321)	(17,427)	(8,718)	(65,504)
Cash payments to claimants/beneficiaries	--	--	--	--
Cash received from other governments	--	--	--	4,314
Net cash provided (used) by operating activities	(8,967)	4,014	2,922	5,215
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	8,630	2,448	--	35,210
Transfers out	--	(639)	(243)	(49,621)
Interest paid on revenue notes and other debt	--	(14)	--	(14)
Loans to other funds	(1,198)	--	--	(1,713)
Loans from other funds	--	639	--	669
Net cash provided (used) by noncapital financing activities	7,432	2,434	(243)	(15,469)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the sale of general obligation bonds and other tax supported debt	--	2,020	--	21,865
Principal paid on long-term debt	--	(2,022)	(117)	(6,271)
Purchased interest received	--	13	--	23
Interest paid on revenue bonds and other debt	--	(1,217)	(18)	(15,946)
Acquisition and construction of capital assets	(133)	(6,239)	(965)	(80,884)
Contributions in aid of construction	--	--	--	2,110
Bond premiums	--	81	--	81
Net cash provided (used) by capital and related financing activities	(133)	(7,364)	(1,100)	(79,022)

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2002
(In thousands)

	Convention Center	Drainage	Golf	Hospital	Parks and Recreation
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	\$ (26,569)	--	--	--	--
Proceeds from sale and maturities of investment securities	26,541	--	--	--	--
Interest on investments	3,001	768	54	1,137	3
Net cash provided by investing activities	2,973	768	54	1,137	3
Net increase (decrease) in cash and cash equivalents	(54,605)	6,668	(160)	(35,108)	(131)
Cash and cash equivalents, October 1	114,464	27,554	1,790	35,174	191
Cash and cash equivalents, September 30	59,859	34,222	1,630	66	60
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	(14,194)	68	296	9,042	(146)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	5,643	1,784	438	2,470	13
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	45	122	--	(1,686)	--
Increase (decrease) in allowance for doubtful accounts	--	6	--	(192)	--
Increase in receivable from other governments	--	--	--	--	--
(Increase) decrease in inventory	--	--	--	--	--
(Increase) decrease in prepaid expenses and other assets	13	19	--	--	--
Increase (decrease) in accounts payable	58	801	(20)	721	30
Increase (decrease) in accrued payroll and compensated absences	107	239	18	(1)	2
Increase in due to other governments	--	--	--	1,198	--
Increase (decrease) in deferred credits and other liabilities	(50)	--	--	135	--
Increase in customer deposits	267	--	--	--	--
Total adjustments	6,083	2,971	436	2,645	45
Net cash provided (used) by operating activities	\$ (8,111)	3,039	732	11,687	(101)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Fixed assets contributed from (to) other funds	\$ --	--	--	--	(22)
Net increase in the fair value of investments	223	--	--	--	--
Amortization of bond discounts, premiums and issue costs	(352)	4	(2)	--	--
Amortization of deferred loss on refundings	(427)	(94)	--	--	--
Loss on disposal of assets	(74)	(35)	--	--	--
Transfers from other funds	--	--	--	--	--

(Continued)

	Primary Care	Solid Waste Services	Transportation	2002 Total
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	--	--	--	(26,569)
Proceeds from sale and maturities of investment securities	--	--	--	26,541
Interest on investments	83	360	90	5,496
Net cash provided by investing activities	83	360	90	5,468
Net increase (decrease) in cash and cash equivalents	(1,585)	(556)	1,669	(83,808)
Cash and cash equivalents, October 1	2,778	11,781	2,777	196,509
Cash and cash equivalents, September 30	1,193	11,225	4,446	112,701
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	(8,333)	(76)	1,183	(12,160)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	47	3,380	1,085	14,860
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(744)	(80)	66	(2,277)
Increase (decrease) in allowance for doubtful accounts	40	19	67	(60)
Increase in receivable from other governments	(743)	--	--	(743)
(Increase) decrease in inventory	(79)	--	56	(23)
(Increase) decrease in prepaid expenses and other assets	(28)	(25)	--	(21)
Increase (decrease) in accounts payable	152	208	295	2,245
Increase (decrease) in accrued payroll and compensated absences	638	87	170	1,260
Increase in due to other governments	--	--	--	1,198
Increase (decrease) in deferred credits and other liabilities	83	447	--	615
Increase in customer deposits	--	54	--	321
Total adjustments	(634)	4,090	1,739	17,375
Net cash provided (used) by operating activities	(8,967)	4,014	2,922	5,215
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Fixed assets contributed from (to) other funds	301	--	--	279
Net increase in the fair value of investments	--	--	--	223
Amortization of bond discounts, premiums and issue costs	--	49	--	(301)
Amortization of deferred loss on refundings	--	(38)	--	(559)
Loss on disposal of assets	--	(158)	--	(267)
Transfers from other funds	2,109	--	--	2,109





INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City and other agencies on a cost-reimbursement basis.

The internal service funds are as follows:

- The Capital Projects Management Fund, which manages the City's capital improvement projects
- The Employee Benefits Fund, which includes activities related to the health, dental, and life insurance costs of City employees;
- The Fleet Maintenance Fund, which includes vehicle and equipment services;
- The Information Systems Fund, which includes activities of the Information Systems Department;
- The Infrastructure Support Services Fund, which includes the activities for support services for five departments, and was disbanded during 2002;
- The Liability Reserve Fund, which provides coverage of the City's major claims liabilities;
- The Support Services Fund, which includes the activities of the various support service departments;
- The Workers' Compensation Fund, which accounts for workers' compensation costs; and
- The Wireless Communication Fund, which includes communication support activities.



Internal Service Funds
Combining Statement of Net Assets
September 30, 2002
(In thousands)

	Capital Projects Management	Employee Benefits	Fleet Maintenance	Information Systems
ASSETS				
Current assets:				
Cash	\$ 1	--	3	--
Pooled investments and cash	4,429	16,334	11,441	9,256
Cash held by trustee	--	402	--	--
Accounts receivable	273	--	281	13
Less allowance for doubtful accounts	--	--	(222)	--
Net accounts receivable	273	--	59	13
Inventories, at cost	--	--	1,918	--
Prepaid expenses and other assets	--	--	--	--
Total current assets	4,703	16,736	13,421	9,269
Noncurrent assets:				
Capital assets				
Land and other nondepreciable assets	--	--	--	--
Property, plant and equipment in service	823	--	27,077	19,160
Less accumulated depreciation	(214)	--	(14,140)	(5,382)
Net property, plant and equipment in service	609	--	12,937	13,778
Total capital assets	609	--	12,937	13,778
Deferred costs and expenses, net of amortization	--	--	4	2
Total noncurrent assets	609	--	12,941	13,780
Total assets	\$ 5,312	16,736	26,362	23,049

Infrastructure Support Services	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2002 Total
--	--	13	1	--	18
--	13,125	7,847	603	9,546	72,581
--	--	--	--	--	402
--	--	37	138	--	742
--	--	--	--	--	(222)
--	--	37	138	--	520
--	--	--	183	--	2,101
--	--	238	--	--	238
--	13,125	8,135	925	9,546	75,860
--	--	486	--	--	486
--	--	7,190	557	--	54,807
--	--	(3,592)	(137)	--	(23,465)
--	--	3,598	420	--	31,342
--	--	4,084	420	--	31,828
--	--	1	--	--	7
--	--	4,085	420	--	31,835
--	13,125	12,220	1,345	9,546	107,695

(Continued)

Internal Service Funds
Combining Statement of Net Assets
September 30, 2002
(In thousands)

	Capital Projects Management	Employee Benefits	Fleet Maintenance	Information Systems
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 278	1,936	621	521
Accrued payroll	313	--	224	390
Accrued compensated absences	764	--	449	800
Claims payable	--	4,618	--	--
Due to other funds	--	--	--	27
Interest payable on other debt	--	--	31	58
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	246	1,098
Deferred revenue and other liabilities	29	402	--	--
Total current liabilities	1,384	6,956	1,571	2,894
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	515	--	200	478
Claims payable	--	--	--	--
Advances from other funds	--	--	63	215
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	8,576	5,686
Total noncurrent liabilities	515	--	8,839	6,379
Total liabilities	1,899	6,956	10,410	9,273
NET ASSETS				
Invested in capital assets, net of related debt	609	--	4,119	6,996
Restricted for:				
Capital projects	--	--	7,387	5,001
Unrestricted (deficit)	2,804	9,780	4,446	1,779
Total net assets	\$ 3,413	9,780	15,952	13,776

(Continued)

Infrastructure Support Services	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2002 Total
--	42	1,380	17	358	5,153
--	--	912	38	--	1,877
--	--	2,084	54	--	4,151
--	16,646	--	--	2,265	23,529
--	--	--	--	--	27
--	--	6	--	--	95
--	--	138	--	--	1,482
--	--	85	541	--	1,057
--	16,688	4,605	650	2,623	37,371
--	--	1,489	45	--	2,727
--	5,253	--	--	4,599	9,852
--	--	44	--	--	322
--	--	803	--	--	15,065
--	5,253	2,336	45	4,599	27,966
--	21,941	6,941	695	7,222	65,337
--	--	3,144	420	--	15,288
--	--	--	--	--	12,388
--	(8,816)	2,135	230	2,324	14,682
--	(8,816)	5,279	650	2,324	42,358

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the year ended September 30, 2002
(In thousands)

	Capital Projects Management	Employee Benefits	Fleet Maintenance	Information Systems
OPERATING REVENUES				
Billings to departments	\$ 15,495	49,954	22,998	25,414
Employee contributions	--	20,804	--	--
Other operating revenues	3,238	--	274	151
Total operating revenues	18,733	70,758	23,272	25,565
OPERATING EXPENSES				
Operating expenses before depreciation	17,788	65,195	22,317	23,438
Depreciation and amortization	65	--	809	1,460
Total operating expenses	17,853	65,195	23,126	24,898
Operating income (loss)	880	5,563	146	667
NONOPERATING REVENUES (EXPENSES)				
Interest and other revenues	84	--	379	124
Interest on revenue bonds and other debt	--	--	(298)	(127)
Amortization of bond issue cost	--	--	(2)	--
Other nonoperating expense	(9)	--	(5)	(49)
Total nonoperating revenues (expenses)	75	--	74	(52)
Income (loss) before contributions and transfers	955	5,563	220	615
Capital contributions	(225)	--	379	210
Transfers in	--	--	--	79
Transfers out	(37)	--	(2,177)	--
Change in net assets	693	5,563	(1,578)	904
Total net assets - beginning	2,720	4,217	17,530	12,872
Total net assets - ending	\$ 3,413	9,780	15,952	13,776

Infrastructure Support Services	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2002 Total
5,172	4,000	50,378	2,499	9,537	185,447
--	--	--	--	--	20,804
--	80	--	125	--	3,868
<u>5,172</u>	<u>4,080</u>	<u>50,378</u>	<u>2,624</u>	<u>9,537</u>	<u>210,119</u>
5,172	11,809	48,759	2,572	8,731	205,781
35	--	532	48	--	2,949
<u>5,207</u>	<u>11,809</u>	<u>49,291</u>	<u>2,620</u>	<u>8,731</u>	<u>208,730</u>
<u>(35)</u>	<u>(7,729)</u>	<u>1,087</u>	<u>4</u>	<u>806</u>	<u>1,389</u>
20	--	350	26	--	983
--	--	(52)	--	--	(477)
--	--	(2)	--	--	(4)
<u>(19)</u>	<u>--</u>	<u>(47)</u>	<u>--</u>	<u>--</u>	<u>(129)</u>
<u>1</u>	<u>--</u>	<u>249</u>	<u>26</u>	<u>--</u>	<u>373</u>
(34)	(7,729)	1,336	30	806	1,762
(711)	--	395	92	--	140
314	--	--	--	--	393
<u>(523)</u>	<u>--</u>	<u>(2,551)</u>	<u>--</u>	<u>--</u>	<u>(5,288)</u>
<u>(954)</u>	<u>(7,729)</u>	<u>(820)</u>	<u>122</u>	<u>806</u>	<u>(2,993)</u>
954	(1,087)	6,099	528	1,518	45,351
<u>--</u>	<u>(8,816)</u>	<u>5,279</u>	<u>650</u>	<u>2,324</u>	<u>42,358</u>

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2002
(In thousands)

	Capital Projects Management	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 18,701	70,758	23,289	25,552
Cash payments to suppliers for goods and services	(4,449)	(27,501)	(13,334)	(6,415)
Cash payments to employees for services	(13,055)	--	(9,808)	(16,945)
Cash payments to claimants/beneficiaries	--	(37,190)	--	--
Net cash provided (used) by operating activities	1,197	6,067	147	2,192
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	--	--	--	79
Transfers out	(37)	--	(2,177)	--
Contributions from municipality	--	--	--	--
Net cash provided (used) by noncapital financing activities	(37)	--	(2,177)	79
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the sale of general obligation bonds and other tax supported debt	--	--	7,145	4,580
Principal paid on long-term debt	--	--	(232)	(798)
Interest paid on revenue bonds and other debt	--	--	(275)	(124)
Acquisition and construction of capital assets	(89)	--	(6,807)	(2,205)
Contributions from municipality	--	--	6,278	--
Net cash used by capital and related financing activities	\$ (89)	--	6,109	1,453

Infrastructure Support Services	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2002 Total
5,183	4,080	50,347	2,469	9,537	209,916
(1,123)	(727)	(8,049)	(990)	(3,094)	(65,682)
(4,497)	--	(39,969)	(1,661)	--	(85,935)
--	(1,861)	--	--	(5,052)	(44,103)
<u>(437)</u>	<u>1,492</u>	<u>2,329</u>	<u>(182)</u>	<u>1,391</u>	<u>14,196</u>
314	--	--	--	--	393
(523)	--	(2,551)	--	--	(5,288)
<u>20</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>20</u>
<u>(189)</u>	<u>--</u>	<u>(2,551)</u>	<u>--</u>	<u>--</u>	<u>(4,875)</u>
--	--	--	--	--	11,725
--	--	(122)	--	--	(1,152)
--	--	(52)	--	--	(451)
--	--	(177)	(108)	--	(9,386)
<u>--</u>	<u>--</u>	<u>174</u>	<u>--</u>	<u>--</u>	<u>6,452</u>
<u>--</u>	<u>--</u>	<u>(177)</u>	<u>(108)</u>	<u>--</u>	<u>7,188</u>

(continued)

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2002
(In thousands)

	Capital Projects Management	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	\$ 84	--	379	124
Net cash provided by investing activities	84	--	379	124
Net increase (decrease) in cash and cash equivalents	1,155	6,067	4,458	3,848
Cash and cash equivalents, October 1	3,275	10,669	6,986	5,408
Cash and cash equivalents, September 30	4,430	16,736	11,444	9,256
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	880	5,563	146	667
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	65	--	809	1,460
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(45)	--	(46)	(13)
Increase in inventory	--	--	(405)	--
(Increase) decrease in prepaid expenses and other assets	72	--	--	10
Increase (decrease) in accounts payable	41	246	(459)	(189)
Increase (decrease) in accrued payroll and compensated absences	171	--	39	284
Increase in claims payable	--	148	--	--
Increase (decrease) in advances from other funds	--	--	63	(27)
Increase (decrease) in deferred credits and other liabilities	13	110	--	--
Total adjustments	317	504	1	1,525
Net cash provided (used) by operating activities	\$ 1,197	6,067	147	2,192
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Increase in advances from other funds	\$ --	--	--	--
Decrease in deferred assets/expenses	--	--	(1)	--
Fixed assets contributed from (to) other funds	(225)	--	(6,055)	210
Amortization of bond discounts, premiums and issue costs	--	--	(2)	--
Loss on disposal of assets	(9)	--	(5)	(49)
Contributions from other funds	--	--	--	--

(Continued)

Infrastructure Support Services	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2002 Total
20	--	350	26	--	983
20	--	350	26	--	983
(606)	1,492	(49)	(264)	1,391	17,492
606	11,633	7,909	868	8,155	55,509
--	13,125	7,860	604	9,546	73,001
(35)	(7,729)	1,087	4	806	1,389
35	--	532	48	--	2,949
11	--	(31)	(75)	--	(199)
--	--	--	(28)	--	(433)
47	--	(71)	--	--	58
(98)	23	409	(62)	68	(21)
(397)	--	390	11	--	498
--	9,198	--	--	517	9,863
--	--	--	--	--	36
--	--	13	(80)	--	56
(402)	9,221	1,242	(186)	585	12,807
(437)	1,492	2,329	(182)	1,391	14,196
--	--	44	--	--	44
--	--	--	--	--	(1)
(711)	--	255	92	--	(6,434)
--	--	(2)	--	--	(4)
(19)	--	(47)	--	--	(129)
--	--	192	--	--	192





FIDUCIARY FUNDS

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for other agencies, individuals, private organizations, or governmental units. Included in the fiduciary funds are private-purpose trust funds and agency funds.

Private-purpose trust funds accounts are used to report trust arrangements under which principal and interest income benefits individuals, private organizations, or other governments.

Agency funds are purely custodial and thus do not involve measurement of results of operations.

See next page for descriptions of the individual funds.

Private-Purpose Trust Funds

Barbara Jordan Memorial Fund - Purpose is to account for donations for a future memorial

COA Customer Assistance - Purpose is to solicit donations to help pay utility bills (part of Plus One Program). Funded by donations from businesses that can use the donation as a tax deduction.

First Step-A Community Project - Accounts for programs and activities to improve community relations.

Leveraged Loan Pool - Purpose is to leverage private capital and state or federal resources to stimulate business investments.

Library City Literacy Program – Purpose is to account for fundraising efforts to help fund the City's Workplace Literacy Program.

Telecommunity Partnership Fund – Purpose is to account for addressing the training needs of the Austin community and will create opportunities for individuals through partnerships with local employers.

Unclaimed Property – Purpose is to account for unclaimed COA checks.

Voluntary Utility Assistance – Purpose is to account for contributions for the benefit of indigent utility customers. Contributions are received with electric bill payments.

Agency Funds

BCCP Permit Fund – Purpose is to hold BCCP Permit fees collected on behalf of Travis County.

Campaign Financing Fund – Purpose is to account for donations and fees for the Austin Fair Campaign Ordinance.

Municipal Court Fund – Purpose is to record service fee collected at Municipal Court that will be remitted to the State Comptroller of Public Accounts.

Municipal Utility District Funds – Purpose is to account for revenues received from municipal utility districts which are used to make debt service payments for the districts.

Neighborhood Revitalization Funds – Purpose is to account for escrow deposits and payments to loan recipients.

Fiduciary Funds
Private-Purpose Trust Funds
Combining Statement of Fiduciary Net Assets
September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit H-1

03/13 10:27a

	Assets				Liabilities			Net Assets Held in Trust	
	Pooled Investments and Cash	Due from Other Funds	Other Assets	Total Assets	Due Accounts Payable	Other Funds Liabilities	Total Liabilities		
General government									
Unclaimed Property	\$ 224	--	--	224	--	--	215	215	9
Total general government	<u>224</u>	<u>--</u>	<u>--</u>	<u>224</u>	<u>--</u>	<u>--</u>	<u>215</u>	<u>215</u>	<u>9</u>
Transportation, planning and sustainability									
COA Customer Service	9	150	--	159	150	--	--	150	9
Voluntary Utility Assistance	86	--	--	86	--	150	--	150	(64)
Total transportation, planning and sustainability	<u>95</u>	<u>150</u>	<u>--</u>	<u>245</u>	<u>150</u>	<u>150</u>	<u>--</u>	<u>300</u>	<u>(55)</u>
Public recreation and culture									
Barbara Jordan Memorial	1	--	--	1	--	--	--	--	1
First Step - A Community Project	229	--	--	229	1	--	--	1	228
Library City Literacy Program	3	--	--	3	--	--	--	--	3
Total public recreation and culture	<u>233</u>	<u>--</u>	<u>--</u>	<u>233</u>	<u>1</u>	<u>--</u>	<u>--</u>	<u>1</u>	<u>232</u>
Urban growth management									
Leveraged Loan Pool	353	--	121	474	--	--	--	--	474
Telecommunity Partnership	13	--	--	13	--	--	--	--	13
Total urban growth management	<u>366</u>	<u>--</u>	<u>121</u>	<u>487</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>487</u>
2002 Total	<u>\$ 918</u>	<u>150</u>	<u>121</u>	<u>1,189</u>	<u>151</u>	<u>150</u>	<u>215</u>	<u>516</u>	<u>673</u>

**Fiduciary Funds
Private-Purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the year ended September 30, 2002
(In thousands)**

**City of Austin, Texas
Exhibit H-2**

	Additions				Net Increase (Decrease)	Net Assets at Beginning of Year	Net Assets at End of Year
	Contributions	Interest and Other	Total Additions	Deductions (1)			
General government							
Unclaimed Property	\$ --	9	9	16	(7)	16	9
Total general government	--	9	9	16	(7)	16	9
Transportation, planning and sustainability							
COA Customer Service	8	--	8	--	8	1	9
Voluntary Utility Assistance	207	3	210	214	(4)	(60)	(64)
Total transportation, planning and sustainability	215	3	218	214	4	(59)	(55)
Public recreation and culture							
Barbara Jordan Memorial	--	--	--	--	--	1	1
First Step - A Community Project	--	10	10	214	(204)	432	228
Library City Literacy Program	--	--	--	--	--	3	3
Total public recreation and culture	--	10	10	214	(204)	436	232
Urban growth management							
Leveraged Loan Pool	--	10	10	--	10	464	474
Telecommunity Partnership	--	1	1	--	1	12	13
Total urban growth management	--	11	11	--	11	476	487
2002 Total	\$ 215	33	248	444	(196)	869	673

(1) There were no capital outlay expenditures in fiscal year 2002.

Fiduciary Funds
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit H-3

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
BCCP Permit Fund				
Assets				
Pooled investments and cash	\$ 7	529	500	36
Total Assets	7	529	500	36
Liabilities				
Due to other governments	3	19	4	18
Due to other funds	4	--	4	--
Deposits and other liabilities	--	18	--	18
Total Liabilities	7	37	8	36
Campaign Financing Fund				
Assets				
Pooled investments and cash	19	19	1	37
Other assets	58	--	58	--
Total Assets	77	19	59	37
Liabilities				
Deposits and other liabilities	77	44	84	37
Total Liabilities	77	44	84	37
Municipal Courts				
Assets				
Pooled investments and cash	1,942	8,962	8,972	1,932
Total Assets	1,942	8,962	8,972	1,932
Liabilities				
Accounts payable	30	754	624	160
Due to other governments	1,583	9,276	9,477	1,382
Deposits and other liabilities	329	564	503	390
Total Liabilities	1,942	10,594	10,604	1,932
Municipal Utility Districts				
Assets				
Pooled investments and cash	1,934	184	2,118	--
Receivables from other governments	129	--	129	--
Total Assets	2,063	184	2,247	--
Liabilities				
Deposits and other liabilities	2,063	55	2,118	--
Total Liabilities	\$ 2,063	55	2,118	--

(Continued)

Fiduciary Funds
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit H-3

(Continued)

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
Neighborhood Revitalization				
Assets				
Pooled investments and cash	\$ 228	339	283	284
Total Assets	228	339	283	284
Liabilities				
Deposits and other liabilities	228	395	339	284
Total Liabilities	228	395	339	284
Total Agency Funds				
Assets				
Pooled investments and cash	4,130	10,033	11,874	2,289
Receivables from other governments	129	--	129	--
Other Assets	58	--	58	--
Total Assets	4,317	10,033	12,061	2,289
Liabilities				
Accounts payable	30	754	624	160
Due to other governments	1,586	9,295	9,481	1,400
Due to other funds	4	--	4	--
Deposits and other liabilities	2,697	1,076	3,044	729
Total Liabilities	\$ 4,317	11,125	13,153	2,289



SUPPLEMENTAL SCHEDULES

Enterprise Related Grants
Combining Balance Sheet
September 30, 2002
(In thousands)

City of Austin, Texas
Exhibit I-1

	Assets			Liabilities and Fund Balances				Total Liabilities and Fund Balances
	Pooled Investments and Cash	Receivables from Other Governments	Total Assets	Advanced Pooled Investments and Cash	Other Liabilities	Total Liabilities	Fund Balances	
ELECTRIC RELATED								
U.S. Department of Energy	\$ 159	10	169	8	161	169	--	169
U.S. Department of Defense	--	200	200	200	--	200	--	200
ICLEI USA, Inc.	15	--	15	--	15	15	--	15
Total Electric	174	210	384	208	176	384	--	384
WATER AND WASTEWATER RELATED								
U.S. Environmental Protection Agency	--	--	--	--	--	--	--	--
U.S. Fish and Wildlife	--	7	7	7	--	7	--	7
Texas On-Site Wastewater Treatment Research Council	--	14	14	14	--	14	--	14
Total Water and Wastewater Related	--	21	21	21	--	21	--	21
AIRPORT RELATED								
U.S. Department of Transportation	--	1,474	1,474	1,474	--	1,474	--	1,474
Propane Education and Research Council	--	--	--	--	--	--	--	--
Texas Comptroller of Public Accounts	7	--	7	--	7	7	--	7
Total Airport	7	1,474	1,481	1,474	7	1,481	--	1,481
DRAINAGE RELATED								
U.S. Environmental Protection Agency	--	26	26	24	2	26	--	26
Total Drainage	--	26	26	24	2	26	--	26
PRIMARY CARE								
U.S. Health and Human Services	--	743	743	329	414	743	--	743
Telecommunications Infrastructure Fund Board	--	--	--	--	--	--	--	--
Reach Out and Read National Center	4	--	4	--	4	4	--	4
Total Primary Care	4	743	747	329	418	747	--	747
Total grants, enterprise related	\$ 185	2,474	2,659	2,056	603	2,659	--	2,659

NOTE: These grants have been reported in the enterprise fund financial statements.

**Enterprise Related Grants
Combining Schedule of Expenditures
From Inception to September 30, 2002
(In thousands)**

**City of Austin, Texas
Exhibit I-2**

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
ELECTRIC RELATED											
U.S. Department of Energy	\$ 439	936	1,375	10	--	449	936	1,385	981	1,485	2,466
U.S. Department of Defense	--	--	--	200	--	200	--	200	200	--	200
ICLEI USA, Inc.	6	--	6	--	--	6	--	6	42	35	77
Total Electric	445	936	1,381	210	--	655	936	1,591	1,223	1,520	2,743
WATER AND WASTEWATER RELATED											
U.S. Environmental Protection Agency	8,225	--	8,225	1,659	--	9,884	--	9,884	10,170	--	10,170
U.S. Fish and Wildlife	5	--	5	2	--	7	--	7	25	--	25
Texas On-Site Wastewater Treatment Research Council	--	--	--	14	--	14	--	14	20	--	20
Total Water and Wastewater Related	8,230	--	8,230	1,675	--	9,905	--	9,905	10,215	--	10,215
AIRPORT RELATED											
U.S. Department of Transportation	9,413	3,138	12,551	9,955	2,959	19,368	6,097	25,465	37,942	10,844	48,786
Propane Education and Research Council	--	--	--	--	--	--	--	--	300	--	300
Texas Comptroller of Public Accounts	5	--	5	11	--	16	--	16	18	--	18
Total Airport	9,418	3,138	12,556	9,966	2,959	19,384	6,097	25,481	38,260	10,844	49,104
DRAINAGE RELATED											
U.S. Environmental Protection Agency	182	--	182	17	--	199	--	199	700	--	700
Total Drainage	182	--	182	17	--	199	--	199	700	--	700
PRIMARY CARE											
U.S. Health and Human Services	320	--	320	1,179	--	1,499	--	1,499	2,534	--	2,534
Telecommunications Infrastructure Fund Board	148	60	208	--	--	148	60	208	600	60	660
Reach Out and Read National Center	2	--	2	--	--	2	--	2	6	--	6
Total Primary Care	470	60	530	1,179	--	1,649	60	1,709	3,140	60	3,200
Total grants, enterprise related	\$ 18,745	4,134	22,879	13,047	2,959	31,792	7,093	38,885	53,538	12,424	65,962

NOTE: These grants have been reported in the enterprise fund financial statements.

**Schedule of General Obligation Bonds
Authorized and Unissued
Year ended September 30, 2002
(In thousands)**

**City of Austin, Texas
Exhibit I-3**

Date Authorized	Purpose	Original Authorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2002
10-22-83	Brackenridge 2000	\$ 50,000	40,785	--	9,215
09-08-84	Drainage and flood control	48,535	46,544	1,991	--
09-08-84	Parks improvements	9,975	9,648	--	327
01-19-85	Cultural arts	20,285	14,890	--	5,395
08-10-92	Asbestos abatement, ADA compliance & East Austin health clinic	18,800	16,730	2,070	--
08-10-92	Erosion & flood control	21,570	19,643	1,927	--
05-02-98	Walnut Creek watershed	10,000	4,590	--	5,410
11-03-98	Traffic signals	152,000	31,575	64,007	56,418
11-03-98	Parks and recreation facilities	75,925	18,645	21,605	35,675
11-03-98	Public safety facilities	54,675	21,855	24,315	8,505
11-03-98	Cultural arts and land acquisition	46,390	11,495	23,350	11,545
11-07-00	Street improvements	150,000	--	30,000	120,000
11-07-00	Land acquisition	13,400	--	10,000	3,400
		<u>\$ 671,555</u>	<u>236,400</u>	<u>179,265</u>	<u>255,890</u>

Source: Bond Sale Official Statements

(1) This schedule displays only those previously issued bonds that relate to bond authorizations included herein.

It does not display all debt previously issued and still outstanding or refunding bonds. It includes general obligation bonds reported in governmental and proprietary funds.

**Schedule of Revenue Bonds Authorized,
Deauthorized and Unissued
Year ended September 30, 2002
(In thousands)**

**City of Austin, Texas
Exhibit I-4**

Date Authorized	Purpose	Original		Previously Issued (1)	Issued During Current Year	Unissued September 30, 2002
		Authorized	Deauthorized			
ELECTRIC UTILITY						
10-22-83	Hydrogeneration power plant and electric system	\$ 39,000	--	10,620	--	28,380
03-01-84	Electric system, South Texas Nuclear Project	605,000	--	315,232	--	289,768
09-08-84	Electric improvements (gas turbines)	32,775	--	31,237	--	1,538
09-08-84	Electric improvements (western coal plant)	47,725	--	31,199	--	16,526
09-08-84	Electric transmission and reliability improvements	39,945	--	20,040	--	19,905
12-14-85	Transmission lines and substations	175,130	--	96,017	--	79,113
12-14-85	Overhead and underground distribution	76,055	--	46,845	--	29,210
12-14-85	Miscellaneous	25,891	--	10,443	--	15,448
08-10-92	Electrical distribution and street lighting	82,500	--	--	--	82,500
Total Electric Utility		1,124,021	--	561,633	--	562,388
WATER UTILITY						
09-11-82	Green water treatment plant, water lines and reservoir	40,300	--	28,885	--	11,415
09-11-82	Ullrich water treatment plant, water lines and reservoir	49,100	--	42,210	--	6,890
09-11-82	Davis water treatment plant, water lines and reservoir	40,800	--	32,274	--	8,526
09-11-82	Waterworks system rehabilitation and improvements	12,800	--	9,164	--	3,636
09-08-84	Waterworks north central, northeast, and east service area	39,385	17,000	3,990	--	18,395
09-08-84	Waterworks northwest service area	14,970	--	11,430	--	3,540
09-08-84	Water improvements in north central and northwest service area	14,470	--	2,745	--	11,725
09-08-84	Waterworks system improvements	141,110	--	36,513	--	104,597
09-08-84	Ullrich water treatment plant improvements to South Austin	47,870	--	23,245	--	24,625
09-08-84	Water lines, reservoir improvements to south corridor area	12,570	--	6,585	--	5,985
09-08-84	Water lines, pump station improvements to North Austin area	7,945	--	7,765	--	180
09-08-84	Waterworks system rehabilitation and improvements	26,500	--	3,665	--	22,835
12-14-85	Northeast area improvements	37,950	10,000	7,493	--	20,457
12-14-85	South/southeast area improvements	42,090	14,000	6,035	--	22,055
12-14-85	Improvements/extensions	9,775	--	3,689	--	6,086
08-10-92	Improvements to meet EPA safe drinking water act	23,000	--	--	--	23,000
08-10-92	Improvements and replacement of deteriorated water system facilities	5,000	--	--	--	5,000
08-10-92	General utility relocation	2,000	--	--	--	2,000
05-03-97	Improvements/extensions to City's waterworks and wastewater system	35,000	--	--	--	35,000
05-06-98	Improvements/extensions to City's waterworks and wastewater system	65,000	--	--	--	65,000
11-03-98	Water improvements, upgrade, replace	64,900	--	--	--	64,900
11-03-98	Water expansion and improvement	49,940	--	--	--	49,940
11-03-98	Water improvements and extensions	19,800	--	--	--	19,800
Total Water Utility		\$ 802,275	41,000	225,688	--	535,587

(Continued)

(1) This schedule displays only those previously issued bonds which relate to bond authorizations included herein. It does not display all debt previously issued and still outstanding, refunding bonds, or commercial paper.

**Schedule of Revenue Bonds Authorized,
Deauthorized and Unissued
Year ended September 30, 2002
(In thousands)**

**City of Austin, Texas
Exhibit I-4**

(Continued)

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2002
WASTEWATER UTILITY						
11-20-76	Sewer system improvements	\$ 46,920	--	38,920	--	8,000
09-11-82	Govalle sewage treatment plant, sewer lines and improvements to Canterbury lift station	28,300	--	24,658	--	3,642
09-11-82	Onion Creek sewage treatment plant and sewer lines	57,000	--	49,345	--	7,655
09-11-82	Sewer lines for north central and northwest Austin	20,700	--	17,975	--	2,725
09-11-82	Walnut Creek sewage treatment plant additions	20,400	--	17,971	--	2,429
09-11-82	Sewer system rehabilitation and improvements	4,800	--	3,930	--	870
09-08-84	Sewer system rehabilitation and improvements	43,515	--	36,950	--	6,565
09-08-84	Onion Creek and Walnut Creek sewage treatment plant improvements	44,795	--	42,284	--	2,511
09-08-84	Sewer system rehabilitation and improvements	46,230	--	14,925	--	31,305
05-06-85	Sewer system improvements	54,000	--	33,106	--	20,894
12-14-85	Advanced wastewater treatment	34,500	--	--	--	34,500
12-14-85	Northeast area improvements	47,035	32,300	1,857	--	12,878
12-14-85	Southeast area improvements	9,200	4,200	757	--	4,243
12-14-85	Improvements/extensions	24,725	--	12,621	--	12,104
12-14-85	Walnut Creek WWTP expansion	46,000	--	13,717	--	32,283
12-14-85	Bear Creek interceptor	1,840	1,511	265	--	64
08-10-92	Improvement to Hornsby Bend beneficial re-use program	11,000	--	--	--	11,000
08-10-92	Replacement and rehabilitation of deteriorated wastewater facilities	3,000	--	--	--	3,000
11-03-98	Wastewater improvements, upgrades and replacements	77,000	--	--	--	77,000
11-03-98	Wastewater improvements and expansion	121,000	--	--	--	121,000
Total Wastewater Utility		741,960	38,011	309,281	--	394,668
Total Utility		2,668,256	79,011	1,096,602	--	1,492,643
AIRPORT						
11-03-87	Relocation/construction of new airport	728,000	--	30,000	--	698,000
05-01-93	Construction of new municipal airport at Bergstrom AFB site	400,000	--	362,205	--	37,795
Total Airport		1,128,000	--	392,205	--	735,795
CONVENTION CENTER						
07-29-89	New convention center	69,000	--	68,240	--	760
Total Convention Center		69,000	--	68,240	--	760
Total revenue bonds		\$ 3,865,256	79,011	1,557,047	--	2,229,198

Source: Bond sale official statements





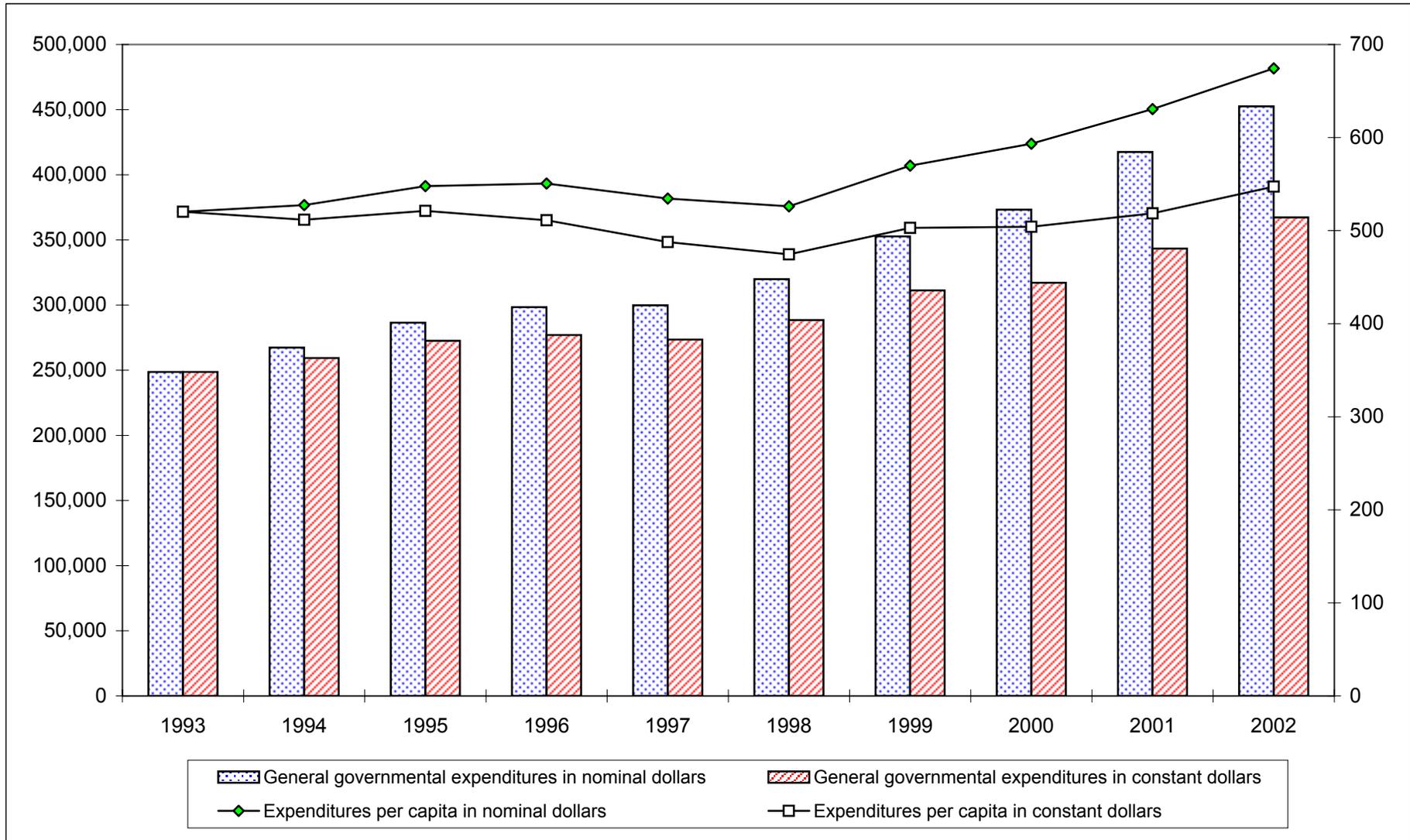
STATISTICAL SECTION - UNAUDITED

Financial presentations included in the Statistical Section provide data on the financial, physical and economic characteristics of the City. These tables cover multiple fiscal years and provide users with a broader and more complete understanding of the City and its financial affairs.



**General Governmental Total Expenditures and Expenditures per Capita
1993-2002 (in thousands)
In nominal and constant 1993 dollars**

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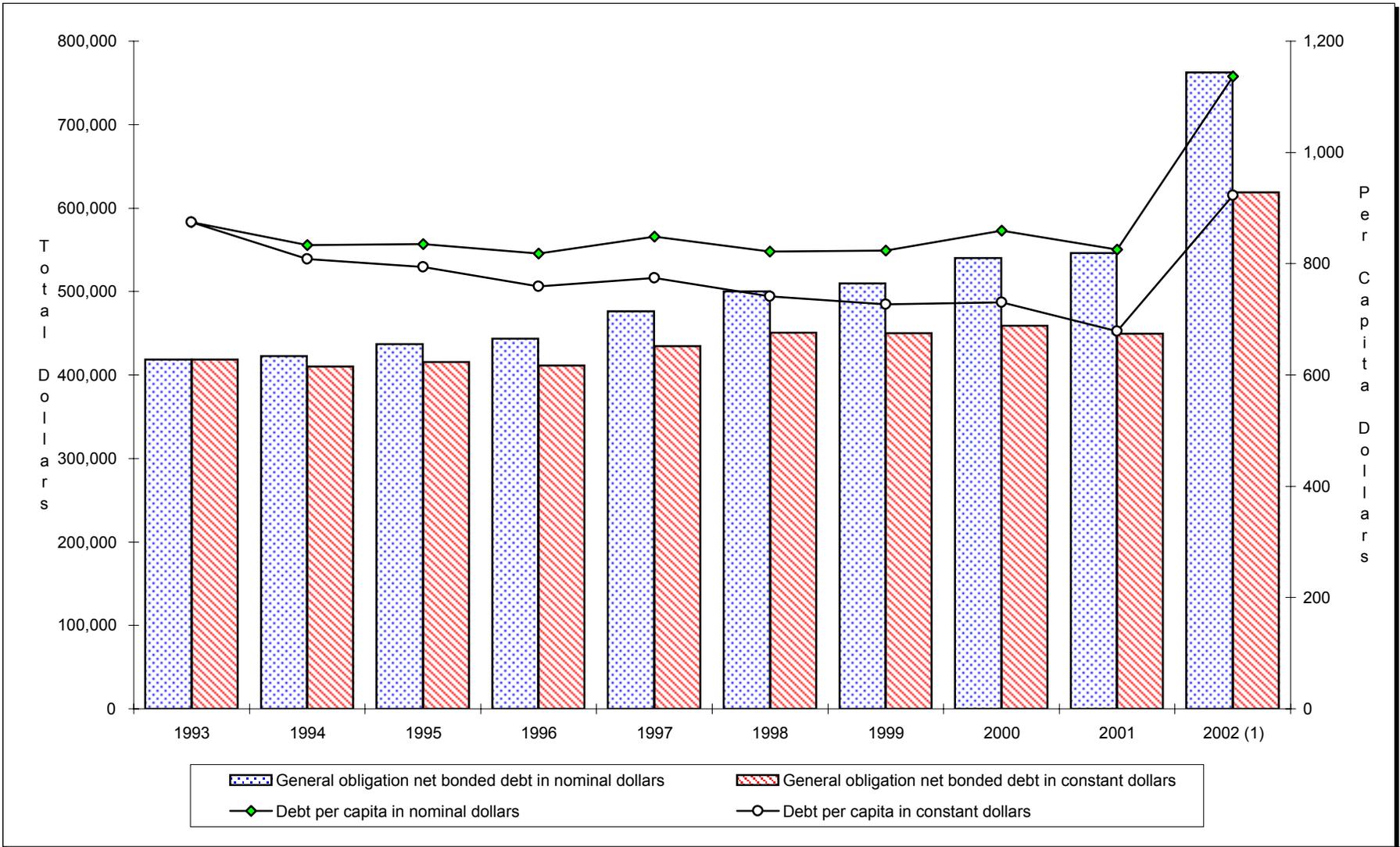


Population 478 507 523 542 561 608 619 629 662 671

Note: General governmental includes the General Fund and two internal service funds, Information Systems and Support Services.

**General Obligation Net Debt and Net Debt per Capita
1993-2002 (in thousands)
In nominal and constant 1993 dollars**

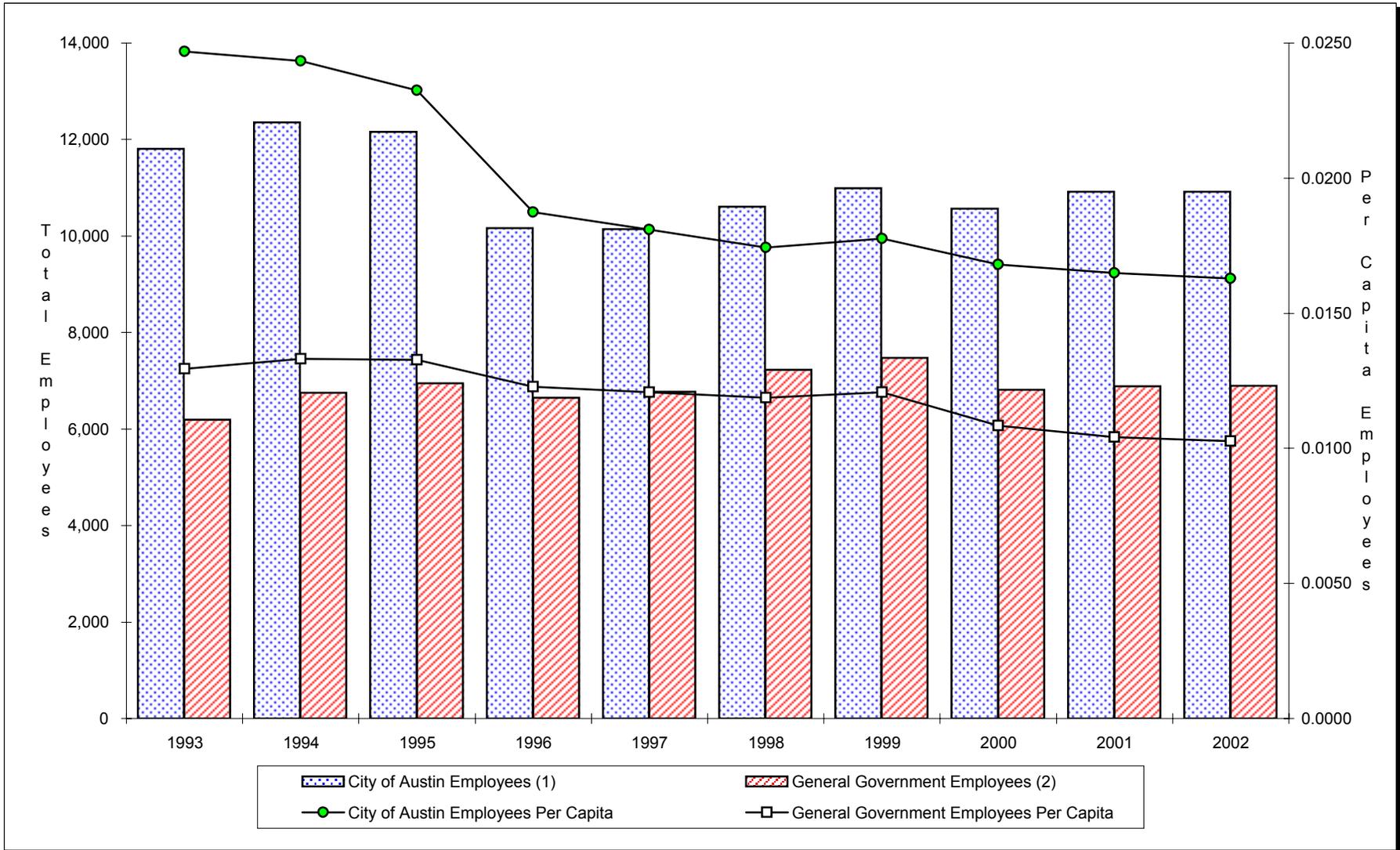
189



Population 478 507 523 542 561 608 619 629 662 671

(1) In 2002 changed the timing of bond issuance from October to September, resulting in two bond issuances.

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Population	478,000	507,000	523,000	542,000	561,000	608,000	619,000	629,000	662,000	671,000
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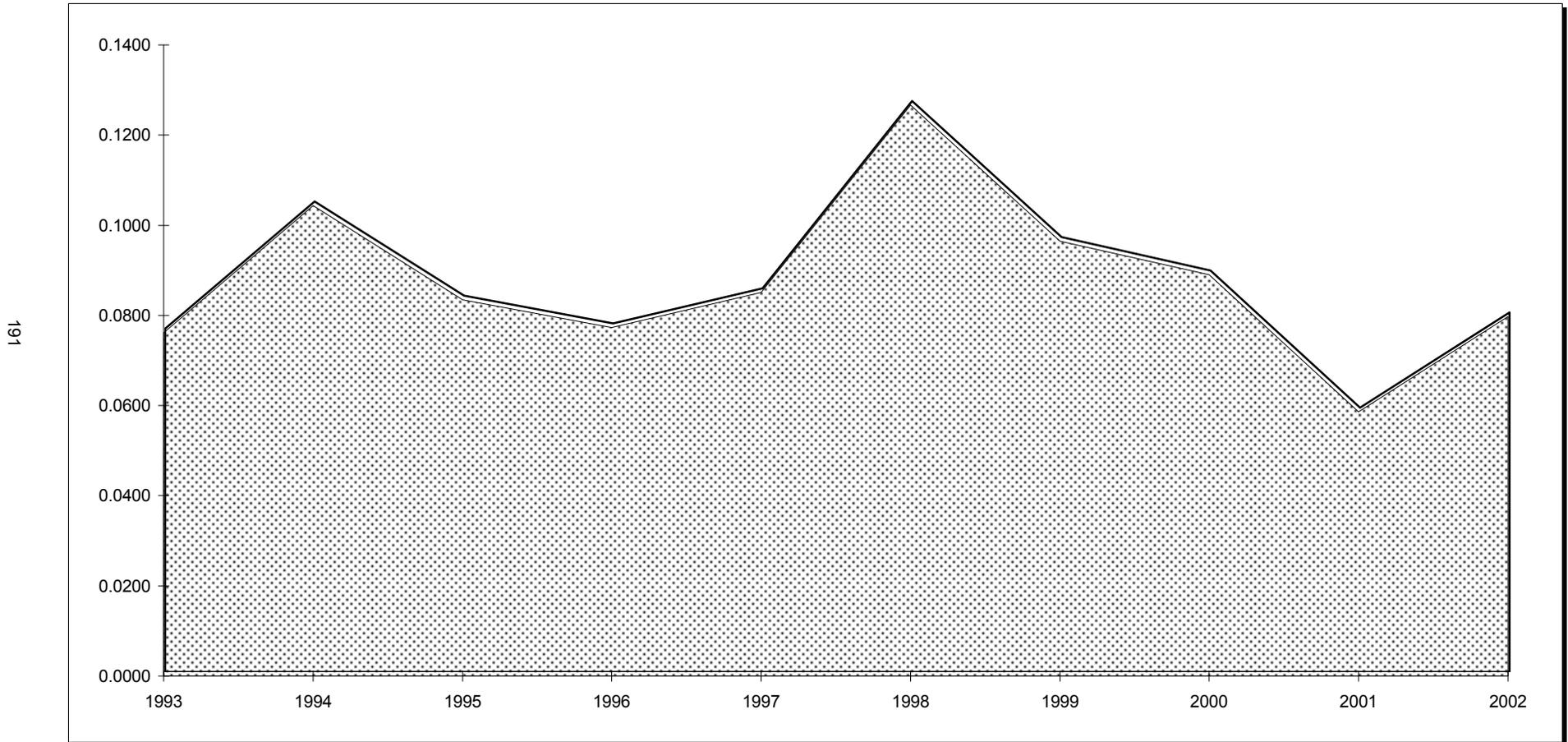
(1) Includes part-time employees

(2) Includes grant-funded employees and part-time employees

**Ratio of General Fund Unreserved Ending Balance
to General Governmental Annual Expenditures
1993-2002 (in thousands)**

**City of Austin, Texas
Exhibit 4**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Unreserved fund balance	\$ 18,953	27,903	23,929	23,083	25,501	40,502	34,029	33,243	24,457	36,078
Annual expenditures	\$ 248,703	267,435	286,528	298,416	299,845	319,902	352,697	373,258	417,494	452,487



Note: General governmental includes the General Fund and two internal service funds, Information Systems and Support Services.

**General Governmental Expenditures by Function
1993-2002 (in thousands)**

**City of Austin, Texas
Table 1**

EXPENDITURES BY FUNCTION

Fiscal Year Ended Sept. 30	Total (1)	Administration	Fiscal Management	Public Safety	Public Services and Public		Public Recreation and Culture		Social Services Management	Support Services	Urban Growth Management	General City Responsibilities	
					Utilities	Health	Parks	Libraries					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1993	248,703	9,103	10,496	111,994	13,888	40,540	(2)	17,569	8,616	6,825	18,813	9,246	1,613
1994	267,435	10,013	13,117	122,433	14,087	39,455		18,796	9,975	7,153	21,944	10,861	(399)
1995	286,528	9,186	12,499	131,743	15,550	40,432		19,258	10,617	7,335	20,451	11,402	8,055
1996	298,416	10,530	15,420	141,141	11,904	43,647		19,411	10,681	7,286	21,357	10,567	6,472
1997	299,845	10,661	16,250	144,288	9,676	43,190		21,283	11,481	6,739	22,513	7,501	6,263
1998	319,902	10,923	16,567	162,733	10,128	37,060		23,066	12,795	8,205	24,304	8,380	5,741
1999	352,697	13,045	19,628	173,963	11,099	40,678		26,028	14,901	8,627	29,993	9,129	5,606
2000	373,258	15,555	21,175	191,591	6,098	41,032		27,994	16,211	9,387	30,117	10,189	3,909
2001	417,494	18,152	20,779	210,281	9,520	41,437		30,369	17,091	8,071	41,076	11,569	9,149
2002	452,487	18,750	20,115	237,590	9,191	43,655		29,563	17,133	10,448	42,613	10,882	12,547

(1) Total does not include transfers to other funds.

(2) In 1994, the Federally Qualified Health Center was created and certain expenditures shown previously in Public Health are now reported in another fund.

Note: General governmental includes the General Fund and two internal service funds, Information Systems and Support Services.

Reconciliation of Internal Service Fund expenses and General Fund expenditures

	Administration	Fiscal Management	Support Services	Total
Internal Service Fund expenditures				
Mayor/Council	\$ 1,057			1,057
Management Services	3,875			3,875
City Clerk	2,804			2,804
Public Information Office	1,732			1,732
Office of the City Auditor		1,923		1,923
Financial Services		18,192		18,192
Information Systems			23,438	23,438
Human Resources			7,053	7,053
Small and Minority Business Resources			3,275	3,275
City Attorney			7,288	7,288
Other requirements			1,559	1,559
Total Support Services Fund	\$ 9,468	20,115	42,613	72,196
General Government total expenses by function				452,487
Plus budget-basis adjustment for transfers (see Exhibit E-3)				49,946
Less Internal Service Fund expenditures				(72,196)
Total General Fund expenditures (see Exhibit E-2)				\$ 430,237

(continued)

**General Governmental Expenditures by Function
1993-2002**

**City of Austin, Texas
Table 1
(Continued)**

EXPENDITURES BY FUNCTION AS A PERCENT OF TOTAL EXPENDITURES

Fiscal Year Ended Sept. 30	Total (1) %	Administration %	Fiscal Management %	Public Safety %	Public Services and Utilities %	Public Health %	Public Recreation and Culture		Social Services Management %	Support Services %	Urban Growth Management %	General City Responsibilities %
							Parks %	Libraries %				
1993	100.00	3.66	4.22	45.03	5.59	16.30	7.07	3.46	2.74	7.56	3.72	0.65
1994	100.00	3.74	4.90	45.78	5.27	14.75	7.04	3.73	2.67	8.21	4.06	-0.15
1995	100.00	3.21	4.36	45.98	5.43	14.11	6.72	3.70	2.56	7.14	3.98	2.81
1996	100.00	3.53	5.17	47.30	3.99	14.62	6.50	3.58	2.44	7.16	3.54	2.17
1997	100.00	3.56	5.42	48.11	3.23	14.40	7.10	3.83	2.25	7.51	2.50	2.09
1998	100.00	3.41	5.18	50.88	3.17	11.58	7.21	4.00	2.56	7.60	2.62	1.79
1999	100.00	3.70	5.57	49.32	3.15	11.52	7.38	4.23	2.45	8.50	2.59	1.59
2000	100.00	4.17	5.67	51.34	1.63	10.99	7.50	4.34	2.51	8.07	2.73	1.05
2001	100.00	4.35	4.98	50.37	2.28	9.93	7.27	4.09	1.93	9.84	2.77	2.19
2002	100.00	4.14	4.45	52.51	2.03	9.65	6.53	3.79	2.31	9.42	2.40	2.77

(1) Total does not include transfers to other funds.

(2) In 1994, the Federally Qualified Health Center was created and certain expenditures shown previously in Public Health are now reported in another fund.

Note: General governmental includes the General Fund and two internal service funds, Information Systems and Support Services.

The table on the facing page shows by function internal service funds expenses that are included above in 2002.

General Governmental Expenditures by Function
1993-2002 (in thousands)
In constant 1993 dollars

City of Austin, Texas
Table 2

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Administration	\$ 9,103	9,712	8,740	9,777	9,727	9,850	11,513	13,216	14,927	15,219
Fiscal management	10,496	12,723	11,893	14,317	14,827	14,938	17,324	17,991	17,088	16,327
Public safety	111,994	118,752	125,350	131,050	131,650	146,739	153,542	162,779	172,928	192,849
Public services and utilities	13,888	13,664	14,795	11,053	8,828	9,133	9,796	5,181	7,829	7,460
Public health	40,540 (2)	38,268	38,470	40,527	39,407	33,418	35,903	34,862	34,077	35,434
Parks	17,569	18,231	18,323	18,023	19,419	20,799	22,972	23,784	24,974	23,996
Libraries	8,616	9,675	10,102	9,917	10,475	11,538	13,152	13,773	14,055	13,907
Social services management	6,825	6,938	6,979	6,765	6,149	7,398	7,614	7,975	6,637	8,481
Support services	18,813	21,284	19,458	19,830	20,541	21,915	26,472	25,588	33,780	34,588
Urban growth management	9,246	10,534	10,849	9,812	6,844	7,556	8,058	8,657	9,514	8,833
General city responsibilities	1,613	(387)	7,664	6,009	5,714	5,177	4,948	3,321	7,524	10,184
Total (1)	\$ 248,703	259,394	272,623	277,080	273,581	288,461	311,294	317,127	343,333	367,278

(1) Total does not include transfers to other funds.

(2) In 1994, the Federally Qualified Health Center was created and certain expenditures shown previously in Public Health are now reported in another fund.

Note: General governmental includes the General Fund and two internal service funds, Information Systems and Support Services.

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The table below shows by function internal service funds expenses that are included above in 2002:

Department	Fiscal Supportive			Total
	Administration	Management	Services	
Mayor/Council	\$ 858			858
Management Services	3,147			3,147
City Clerk	2,276			2,276
Public Information Office	1,406			1,406
Office of the City Auditor		1,561		1,561
Financial Services		14,766		14,766
Information Systems			19,024	19,024
Human Resources			5,725	5,725
Small and Minority Business Resources			5,916	5,916
City Attorney			2,658	2,658
Other requirements			1,265	1,265
Total Support Services Fund	\$ 7,687	16,327	34,588	58,602

Note: Amounts are actual expenditures adjusted by a Consumer Price Index (CPI) based on the Texas CPI.

**General Fund Revenues and Other Financing Sources by Source
1993-2002 (in thousands)**

**City of Austin, Texas
Table 3**

REVENUES AND OTHER FINANCING SOURCES

Fiscal Year Ended Sept. 30	Operating Transfers In				Property Tax	1% City Sales Tax	Mixed Drink Tax	Franchise Fees and Gross Receipts Tax	Fines and Forfeitures	Licenses and Permits	Charges for Services/ Goods	Interest and Other
	Total	Utility System Funds	Other Funds	Subtotal								
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1993	239,998	68,582	--	171,416	58,756	67,054	1,724	11,242	9,501	10,307	7,238	5,594
1994	256,511	67,914	25	188,572	63,567	75,780	1,809	12,188	9,764	12,851	6,519	6,094
1995	270,534	71,111	203	199,220	66,253	80,475	1,928	12,417	10,966	13,074	8,021	6,086
1996	288,328	73,583	342	214,403	74,441	83,681	2,042	13,579	12,159	14,311	8,175	6,015
1997	298,031	71,450	256	226,325	80,529	88,150	2,187	14,987	12,570	12,888	9,427	5,587
1998	333,903	72,721	--	261,182	90,775	97,581	2,354	17,101	14,493	15,541	10,261	13,076
1999	361,115	74,204	--	286,911	106,233	106,839	2,585	19,900	16,206	17,252	11,534	6,362
2000	398,096	78,352	--	319,744	115,328	122,157	2,972	23,905	16,040	18,174	11,758	9,410
2001	429,685	85,824	459	343,402	124,931	123,218	3,407	31,646	17,000	17,631	14,985	10,584
2002	482,844	88,924	48,160	345,760	143,056	115,441	3,448	29,834	17,704	14,670	15,579	6,028

**REVENUES AND OTHER FINANCING SOURCES
AS A PERCENT OF TOTAL REVENUES AND SOURCES**

Fiscal Year Ended Sept. 30	Operating Transfers In				Property Tax	1% City Sales Tax	Mixed Drink Tax	Franchise Fees and Gross Receipts Tax	Fines and Forfeitures	Licenses and Permits	Charges for Services/ Goods	Interest and Other
	Total	Utility System Funds	Other Funds	Subtotal								
	%	%	%	%	%	%	%	%	%	%	%	%
1993	100.00	28.58	--	71.42	24.48	27.94	0.72	4.68	3.96	4.29	3.02	2.33
1994	100.00	26.48	0.01	73.51	24.78	29.54	0.70	4.75	3.81	5.01	2.54	2.38
1995	100.00	26.29	0.08	73.63	24.49	29.75	0.71	4.59	4.05	4.83	2.96	2.25
1996	100.00	25.52	0.12	74.36	25.82	29.02	0.71	4.71	4.22	4.96	2.83	2.09
1997	100.00	23.98	0.09	75.93	27.02	29.58	0.73	5.03	4.22	4.32	3.16	1.87
1998	100.00	21.78	--	78.22	27.19	29.23	0.70	5.12	4.34	4.65	3.07	3.92
1999	100.00	20.55	--	79.45	29.41	29.59	0.72	5.51	4.49	4.78	3.19	1.76
2000	100.00	19.68	--	80.32	28.97	30.69	0.75	6.00	4.03	4.57	2.95	2.36
2001	100.00	19.97	0.11	79.92	29.07	28.68	0.79	7.37	3.96	4.10	3.49	2.46
2002	100.00	18.42	9.97	71.61	29.62	23.91	0.71	6.18	3.67	3.04	3.23	1.25

**Assessed Valuation, Estimated Market Value, Tax Rates,
Tax Levies, and Tax Collections
1993-2003**

**City of Austin, Texas
Table 4**

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Ratio of Assessed Value to Market Value	Assessed Valuation	Estimated Market Value	Percent of Growth in Market Value	Tax Rate (per \$100 Valuation)		
						General Fund	Debt Service Fund	Total
						\$	\$	\$
1993	1992	100	16,977,306,423	16,977,306,423	0.3	0.3460	0.2950	0.6410
1994	1993	100	18,237,532,094	18,237,532,094	7.4	0.3462	0.2763	0.6225
1995	1994	100	20,958,589,300	20,958,589,300	14.9	0.3132	0.2493	0.5625
1996	1995	100	23,303,015,047	23,303,015,047	11.2	0.3177	0.2269	0.5446
1997	1996	100	25,823,385,257	25,823,385,257	10.8	0.3117	0.2134	0.5251
1998	1997	100	27,493,058,735	27,493,058,735	6.5	0.3304	0.2097	0.5401
1999	1998	100	32,458,349,755	32,458,349,755	18.1	0.3265	0.1877	0.5142
2000	1999	100	35,602,840,326	35,602,840,326	9.7	0.3222	0.1812	0.5034
2001	2000	100	41,419,314,286	41,419,314,286	16.3	0.3011	0.1652	0.4663
2002	2001	100	47,782,873,096	47,782,873,096	15.4	0.3041	0.1556	0.4597
2003 (1)	2002	100	51,174,017,303	51,174,017,303	7.1	0.2969	0.1628	0.4597

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Total Tax Levy (October 1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy								
										\$	\$	%	\$	\$	%	\$	%
										1993	1992	108,824,534	106,677,219	98.03	1,594,988	108,272,207	99.49
1994	1993	113,528,637	112,118,783	98.76	1,491,539	113,610,322	100.07	6,660,770	5.87								
1995	1994	117,892,065	116,714,522	99.00	1,292,960	118,007,482	100.10	6,554,774	5.56								
1996	1995	126,908,220	125,670,964	99.03	1,124,436	126,795,400	99.91	6,497,489	5.12								
1997	1996	135,598,596	134,188,550	98.96	696,317	134,884,867	99.47	6,709,208	4.95								
1998	1997	148,490,010	146,707,221	98.80	844,378	147,551,599	99.37	6,945,055	4.68								
1999	1998	166,900,834	165,044,814	98.89	1,137,274	166,182,088	99.57	7,317,015	4.38								
2000	1999	179,224,698	177,574,166	99.08	1,385,668	178,959,834	99.85	7,532,647	4.20								
2001	2000	193,138,262	191,173,307	98.98	1,191,262	192,364,569	99.60	7,318,463	3.79								
2002	2001	219,657,867	217,043,867	98.81	927,864	217,971,731	99.23	7,435,974	3.39								
2003 (1)	2002	235,246,957	**	**	**	**	**	**	**								

** Information not yet available for tax year 2002

(1) Assessed valuation for tax year 2002 is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.

**Principal Taxpayers
September 30, 2002**

**City of Austin, Texas
Table 5**

Taxpayer	Type of Property	January 1, 2001 Assessed	Percent of Total Assessed
		Valuation	Valuation of \$47,782,873,096
		\$	%
Motorola, Inc.	Manufacturing	1,267,927,061	2.65
Applied Material Inc.	Manufacturing	605,727,899	1.27
Advanced Micro Devices, Inc.	Manufacturing	579,717,695	1.21
Solectron Texas	Manufacturing	369,192,946	0.77
Samsung	Manufacturing	366,983,973	0.77
Southwestern Bell Telephone Company	Telephone Utility	332,333,910	0.71
IBM Corporation	Manufacturing	311,659,505	0.65
Crescent Real Estate Equities	Commercial	180,836,215	0.38
Minnesota Mining & Manufacturing	Manufacturing	179,417,067	0.38
Prudential Insurance Company	Commercial	168,528,000	0.35
		4,362,324,271	9.13

Source: Travis Central Appraisal District

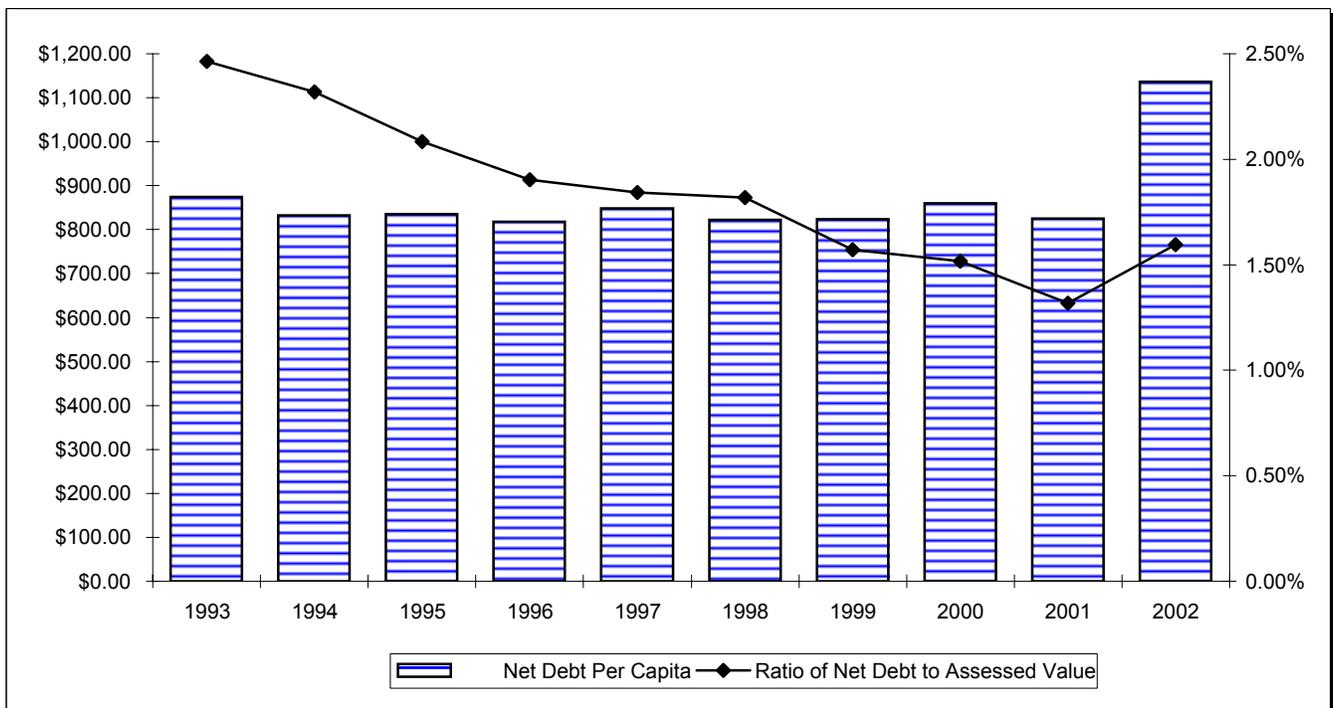
**Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt per Capita
1993-2002**

Fiscal Year Ended Sept. 30	Population Estimate	Assessed Value	Gross Bonded Debt (1) (in 000's)	Amount Available in Debt Service Fund (2) (in 000's)	Net Bonded Debt (in 000's)	Ratio of Net Bonded Debt to		Net Debt Per Capita
						Assessed Value	Market Value	
		\$	\$	\$	\$	%	%	\$
1993	478,254	16,977,306,423	424,687	6,454	418,233	2.46	2.46	874.50
1994	507,468	18,237,532,094	429,261	6,523	422,738	2.32	2.32	833.03
1995	523,352	20,958,589,300	445,803	8,935	436,868	2.08	2.08	834.75
1996	541,889	23,303,015,047	451,722	8,475	443,247	1.90	1.90	817.97
1997	560,939	25,823,385,257	483,677	7,529	476,148	1.84	1.84	848.84
1998	608,214	27,493,058,735	507,297	7,270	500,027	1.82	1.82	822.12
1999	619,038	32,458,349,755	517,629	7,870	509,759	1.57	1.57	823.47
2000	628,667	35,602,840,326	550,039	9,756	540,283	1.52	1.52	859.41
2001	661,639	41,419,314,286	562,678	16,467	546,211	1.32	1.32	825.54
2002	671,044	47,782,873,096	779,075	16,451	762,624	1.60	1.60	1,136.47 (3)

(1) Excludes general obligation bonds, public property finance contractual obligations, and certificates of obligation issued for proprietary funds. Excludes revenue bonds and advances from other funds.

(2) Excludes loan fund balances.

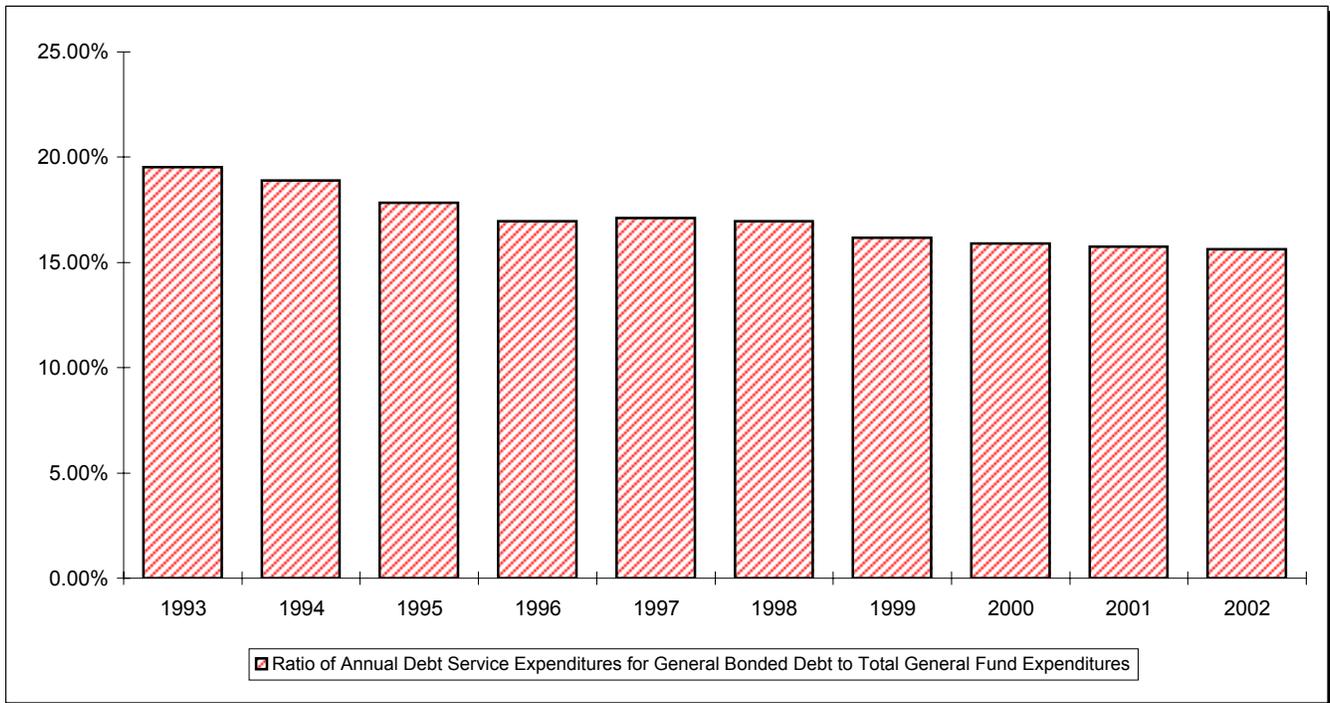
(3) In 2002 changed the timing of bond issuance from October to September, resulting in two bond issuances.



Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures 1993-2002 (in thousands)

Fiscal Year Ended Sept. 30	Principal (2) (3)	Interest and Paying Agents' Commissions (2) (3)	Total Debt Service	Total General Fund Expenditures	Total Debt Service plus Total General Fund Expenditures	Ratio of Debt Service to Total (1)
	\$	\$	\$	\$	\$	%
1993	26,480	25,676	52,156	215,064	267,220	19.52
1994	28,330	24,605	52,935	227,411	280,346	18.88
1995	22,023	32,214	54,237	249,615	303,852	17.85
1996	22,723	35,039	57,762	282,773	340,535	16.96
1997	21,502	38,481	59,983	290,578	350,561	17.11
1998	22,570	40,751	63,321	310,195	373,516	16.95
1999	23,781	42,130	65,911	341,417	407,328	16.18
2000	26,920	42,094	69,014	364,938	433,952	15.90
2001	44,070	29,854	73,924	395,621	469,545	15.74
2002	43,867	35,797	79,664	430,237	509,901	15.62

- (1) Ratio of total debt service to total debt service plus total General Fund.
- (2) Excludes payments for enterprise fund general obligation debt.
- (3) Subsequent to 1999, excludes loan principal and interest.



**Computation of Legal Debt Margin
September 30, 2002 (in thousands)**

**City of Austin, Texas
Table 8**

Assessed value (100% of estimated market value) as of January 1, 2001		\$ 47,782,873
		<u>47,782,873</u>
Debt limit		\$ 6,685,237
Amount of debt applicable to debt limit:		
Total general obligation bonds, contractual obligations, and certificates of obligation excluding proprietary fund balances of \$88,819	\$ 779,075	
Less: Amount available in Debt Service Fund	<u>16,451</u>	
		<u>762,624</u>
Debt applicable to debt limit, excluding loan fund balances and advances from other funds		<u>762,624</u>
Legal debt margin		<u>\$ 5,922,613</u>

Note - Ad valorem tax limitations: The City is permitted by Article II, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including payment of principal and interest on general obligation long-term debt. However, under the City Charter, a limitation on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at \$1.00 per \$100 of assessed valuation. A practical limitation on taxes levied for debt service of \$1.50 per \$100 of assessed valuation is established by referring to the State Statute and City Charter limitations.

Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2001 and assessed valuation of \$47,782,873 at 95% collection, tax revenues of \$680,906 would be produced. This revenue could service the debt on \$6,685,237 issued as 8% - 20 year serial bonds with level debt service payments.

Computation of Direct and Overlapping Debt
September 30, 2002

Name of Governmental Unit	Net Debt Outstanding as of September 30, 2002 (in 000's)	Percent Applicable to City of Austin (2)	Amount Applicable to City of Austin (in 000's)
	\$	%	\$
City of Austin	779,075 (1)	100.00	779,075
Greater than 10%			
Austin Community College	55,220	80.10	44,231
Austin Independent School District	504,997	77.06	389,151
North Austin MUD #1	13,774	100.00	13,774
Northwest Austin MUD #1	13,221	100.00	13,221
Northwest Travis County RD #3	5,710	100.00	5,710
Travis County	461,434	72.00	332,232
Subtotal greater than 10%	<u>1,054,356</u>		<u>798,319</u>
Less than 10%			
Del Valle Independent School District	94,790	3.37	3,194
Eanes Independent School District	85,035	3.88	3,299
Leander Independent School District	343,254	0.91	3,124
Manor Independent School District	34,256	1.80	617
Pflugerville Independent School District	207,634	3.50	7,267
Round Rock Independent School District	368,449	5.39	19,859
Williamson County	383,210	2.56	9,810
Subtotal less than 10%	<u>1,516,628</u>		<u>47,170</u>
Total direct and overlapping debt	<u><u>3,350,059</u></u>		<u><u>1,624,564</u></u>
Ratio of total direct and overlapping debt to assessed valuation (3)		3.40 %	
Per capita overlapping debt (4)		\$ 2,420.95	

- (1) Excludes general obligation debt reported in proprietary funds
- (2) Source: Taxing jurisdictions
- (3) Based on assessed valuation of \$47,782,873,096
- (4) Based on 2002 estimated population of 671,044

**Property Tax Rates and Tax Levies
for Direct and Overlapping Governments with Applicable Percentages Over 10%
1993-2002**

**City of Austin, Texas
Table 10**

Tax Rates (per \$100 Assessed Value) for Fiscal Year Ended September 30

Government	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.4597	0.4663	0.5034	0.5142	0.5401	0.5251	0.5446	0.5625	0.6225	0.6410
Austin Community College	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0482	0.0466	0.0482	0.0482
Austin Independent School District	1.5486	1.5486	1.5486	1.4319	1.4010	1.3110	1.2832	1.3450	1.4623	1.5508
North Austin MUD #1	0.5100	0.5500	0.5803	0.7100	0.7100	0.7500	--	--	--	--
Northwest Austin MUD #1	0.3150	0.3577	0.3620	0.3620	0.4000	0.3926	0.3926	0.4000	0.3800	0.4000
Northwest Travis County RD #3	0.1646	0.1600	0.2248	0.2500	0.2700	0.3500	0.3541	0.4500	0.7500	1.7562
Travis County (1)	0.4460	0.4670	0.4988	0.5143	0.4938	0.4950	0.5186	0.5552	0.5966	0.5762

Tax Levies (in 000's) for Fiscal Year Ended September 30

Government	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	219,658	193,138	179,225	166,901	148,490	135,599	126,908	117,892	113,529	108,825
Austin Community College	23,323	20,571	19,209	15,255	13,971	13,900	11,951	9,458	8,641	7,824
Austin Independent School District	593,189	525,477	455,559	385,064	348,753	321,567	277,255	272,094	251,813	239,317
North Austin MUD #1	2,856	2,855	2,375	2,372	2,372	2,390	--	--	--	--
Northwest Austin MUD #1	1,093	1,046	136	659	645	125	509	434	323	198
Northwest Travis County RD #3	654	590	670	607	539	576	428	388	343	742
Travis County (1)	256,710	231,415	209,688	196,160	168,089	157,852	149,801	143,659	135,027	121,694

Note: Initial tax levies were as follows: Austin Community College - 1988, Northwest Travis County RD#3 - 1990, and Northwest Austin MUD #1 - 1989.

(1) Includes taxes and levies for Travis County and Farm to Market Roads.

Source: Travis Central Appraisal District and taxing entity.

City Sales Tax
Tax Levied Effective January 1, 1968 (Base Year is 1969)
1968-2002

City of Austin, Texas
Table 11

Fiscal Year Ended Sept. 30	(In thousands)					Total	Percent Base Year	Annual Percent Increase (Decrease)	Percent of Property Tax Levy	Equivalent Tax Rate
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter						
	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sept.						
	\$	\$	\$	\$	\$	%	%	%	¢	
1968 (1)	--	--	--	1,458	1,458	N/A	N/A	14.58	19.54	
1969	876	906	852	917	3,551	100.0	0.0	34.07	43.96	
1970	974	1,089	951	1,041	4,055	114.2	14.2	35.08	45.25	
1971	1,129	1,245	1,137	1,235	4,746	133.7	17.0	34.41	44.39	
1972	1,309	1,465	1,339	1,415	5,528	155.7	16.5	35.50	45.80	
1973	1,569	1,715	1,592	1,692	6,568	185.0	18.8	38.37	48.73	
1974	1,730	1,946	1,695	1,888	7,259	204.4	10.5	38.45	48.82	
1975	1,961	1,972	2,328	1,644	7,905	222.6	8.9	36.05	42.89	
1976	2,242	2,318	2,046	2,560	9,166	258.1	16.0	36.17	45.94	
1977	1,798	3,173	2,653	3,867	11,491	323.6	25.4	35.92	45.62	
1978	3,022	3,501	3,155	3,853	13,531	381.0	17.8	40.00	49.60	
1979	3,815	3,909	3,487	4,067	15,278	430.2	12.9	45.75	43.92	
1980	3,793	4,269	3,722	6,000	17,784	500.8	16.4	49.42	47.44	
1981	3,792	5,652	5,034	7,103	21,581	607.7	21.4	56.20	32.03	
1982	4,483	6,284	5,625	8,025	24,417	687.6	13.1	53.86	33.39	
1983	5,171	7,089	6,785	9,052	28,097	791.2	15.1	53.02	29.81	
1984	6,331	8,823	8,963	12,756	36,873	1038.4	31.2	57.00	37.05	
1985	7,917	11,289	10,922	14,506	44,634	1256.9	21.0	61.53	28.98	
1986	8,379	11,394	10,435	13,741	43,949	1237.7	(1.5)	49.24	26.00	
1987	7,669	10,353	9,677	12,189	39,888	1123.3	(9.2)	35.23	17.01	
1988	7,318	10,596	10,651	14,360	42,925	1208.8	7.6	37.92	20.16	
1989	8,039	9,427	14,140	15,566	47,172	1328.4	9.9	46.43	24.61	
1990	12,381	13,277	8,918	16,964	51,540	1451.4	9.3	50.46	29.01	
1991	12,762	10,539	13,578	18,522	55,401	1560.2	7.5	56.59	32.23	
1992	9,304	14,713	14,231	20,007	58,255	1640.5	5.2	57.11	34.42	
1993	10,869	17,393	15,971	22,821	67,054	1888.3	15.1	61.62	39.50	
1994	11,897	19,225	18,072	26,586	75,780	2134.0	13.0	66.75	41.55	
1995	13,198	21,628	18,836	26,813	80,475	2266.3	6.2	68.26	38.40	
1996	5,643	22,056	20,294	35,688	83,681	2356.5	4.0	65.94	35.91	
1997	5,571	23,258	20,850	38,471	88,150	2482.4	5.3	65.01	34.14	
1998	8,335	23,188	24,054	42,004	97,581	2748.0	10.7	65.72	35.50	
1999	14,684	20,637	26,051	45,467	106,839	3008.7	9.5	64.01	32.91	
2000	10,389	30,780	29,300	51,688	122,157	3440.1	14.3	68.16	34.31	
2001	11,325	30,977	30,574	50,342	123,218	3470.0	0.9	63.80	29.75	
2002	7,887	24,060	36,417	47,077	115,441	3250.9	(6.3)	52.55	24.16	

(1) 1% City sales tax levied effective January 1, 1968. This tax is collected and remitted to the City by the State Comptroller.

ELECTRIC FUND

Distribution -- 2,345 miles primary overhead distribution lines (12KV)
 3,148 miles secondary overhead distribution lines (12KV)
 2,203 miles primary underground distribution lines (12KV)
 1,937 miles secondary underground distribution lines (12KV)
 43 miles transmission lines (69KV)
 290 miles transmission lines (138KV)
 238 miles transmission lines (345KV) (counting 50% of jointly owned lines with LCRA)

WATER AND WASTEWATER FUND

Source of supply -- 150 mile long network of lakes created along the Colorado River by six dams with a combined storage capacity in excess of 3,300,000 acre-feet of water.

Water treatment plants	3	
Rated peak daily capacity	260,000,000	gallons
Average daily consumption	122,023,542	gallons
Average daily consumption per capita	159	gallons (based on 2001 service area population)
Water distribution --	2,872	miles of mains
	46	booster pump stations
Water connections --	182,977	metered services
	26,303	fire hydrants
Wastewater treatment plants	3	
Combined daily capacity	130,000,000	gallons
Average daily volume	93,941,989	gallons
Collection Sanitary sewer mains	2,226	miles
Connections	168,159	
Lift stations	104	

**Electric Fund and
Water and Wastewater Fund
Five-Year Comparative Operating Schedule
1998-2002 (in thousands)**

**City of Austin, Texas
Table 13**

	Fiscal Year Ended September 30				
	2002	2001	2000	1999	1998
	\$	\$	\$	\$	\$
REVENUE					
Electric					
Service Area Sales	668,744	756,246	723,260	622,489	603,338
Sales to other utilities (including capacity contract)	41,625	33,135	50,780	51,566	56,567
Rent from electric property	2,002	995	851	878	870
Customers' forfeited discounts and penalties	4,738	(36)	1,558	3,964	3,982
Miscellaneous	27,986	15,970	6,280	3,190	3,614
Total electric	745,095	806,310	782,729	682,087	668,371
Water					
Urban	104,547	99,156	109,963	91,861	88,971
Rural	6,837	6,439	7,413	5,582	5,861
City utility departments	--	--	--	310	370
City general government departments	--	--	(42)	1,087	1,206
Sales to other water utilities	7,164	7,185	7,877	6,333	7,452
Water connections	300	237	208	233	249
Customers' forfeited discounts and penalties	784	(5)	263	605	630
Miscellaneous	2,403	1,661	4,507	3,610	1,158
Total water	122,035	114,673	130,189	109,621	105,897
Wastewater					
Urban	92,793	92,328	97,895	91,672	83,180
Rural	3,311	2,810	2,631	2,229	1,862
City utility departments	--	1	7	546	502
City general government departments	--	--	--	42	259
Sales to other sewer utilities	2,983	3,161	3,114	2,858	2,959
Sewer connections	275	217	190	216	231
Customers' forfeited discounts and penalties	733	(3)	260	573	540
Industrial waste surcharge	3,662	3,730	4,041	3,950	2,669
Miscellaneous	3,742	2,998	2,152	2,335	3,693
Total wastewater	107,499	105,242	110,290	104,421	95,895
Interest	48,359	61,316	47,350	30,561	48,345
Total operating and interest revenues	1,022,988	1,087,541	1,070,558	926,690	918,508

(continued)

**Electric Fund and
Water and Wastewater Fund
Five-Year Comparative Operating Schedule
1998-2002 (in thousands)**

**City of Austin, Texas
Table 13**

(Continued)

	Fiscal Year Ended September 30				
	2002	2001	2000	1999	1998
	\$	\$	\$	\$	\$
EXPENSE					
Electric					
Total electric	401,439	458,686	420,075	342,914	332,986
Water					
Purification	16,702	15,303	14,225	12,650	14,457
Distribution	20,897	20,197	18,247	15,575	13,601
Customer accounting and collection	6,378	5,202	5,457	3,908	3,194
Jobbing and contract work	(78)	52	14	(27)	17
Design engineering	800	425	1,922	1,251	1,204
Administrative and general	15,296	12,406	12,939	10,764	10,867
Total water	59,995	53,585	52,804	44,121	43,340
Wastewater					
Sewer lines	6,299	6,175	7,592	8,563	8,589
Sewage treatment plant	21,405	19,172	17,115	17,634	16,041
Customer accounting and collection	3,017	4,374	4,406	2,483	2,235
Jobbing and contract work	24	87	69	56	43
Design engineering	7,437	6,846	1,998	2,312	1,992
Administrative and general	14,164	12,172	12,382	11,842	8,712
Total wastewater	52,346	48,826	43,562	42,890	37,612
Total expenses (1)	513,780	561,097	516,441	429,925	413,938
Net revenue available for debt service	509,208	526,444	554,117	496,765	504,570

(1) Interest expense, depreciation, amortization and other nonoperating items are not included in total expense.

**Electric Fund and
Water and Wastewater Fund
Plant Cost and Equity in Utility Systems
1998-2002 (in thousands)**

**City of Austin, Texas
Table 14**

	Fiscal Year Ended September 30				
	2002	2001	2000	1999	1998
	\$	\$	\$	\$	\$
PLANT COST					
Utility systems					
Electric	3,231,331	3,067,650	2,842,927	2,693,238	2,625,217
Water	1,220,643	1,169,575	1,090,912	1,003,650	893,669
Wastewater	1,123,646	1,080,759	1,032,885	976,681	921,581
Total cost	<u>5,575,620</u>	<u>5,317,984</u>	<u>4,966,724</u>	<u>4,673,569</u>	<u>4,440,467</u>
Allowance for depreciation:					
Electric	1,203,986	1,131,861	1,048,947	972,368	895,154
Water	278,757	264,352	242,395	220,478	202,674
Wastewater	337,795	328,640	304,152	280,009	256,630
Total depreciation	<u>1,820,538</u>	<u>1,724,853</u>	<u>1,595,494</u>	<u>1,472,855</u>	<u>1,354,458</u>
Cost after depreciation	<u>3,755,082</u>	<u>3,593,131</u>	<u>3,371,230</u>	<u>3,200,714</u>	<u>3,086,009</u>
EQUITY IN UTILITY SYSTEMS					
Utility systems	5,575,620	5,317,983	4,966,724	4,673,569	4,440,467
Plus:					
Inventories, materials and supplies (1)	32,980	34,689	32,905	32,227	31,950
Net construction assets and unamortized bond issue cost (2)	125,858	154,576	126,423	145,028	129,476
	<u>5,734,458</u>	<u>5,507,248</u>	<u>5,126,052</u>	<u>4,850,824</u>	<u>4,601,893</u>
Less:					
Allowance for depreciation	1,820,538	1,724,853	1,595,495	1,472,854	1,354,459
Construction contracts payable	--	279	1,149	2,128	2,222
	<u>1,820,538</u>	<u>1,725,132</u>	<u>1,596,644</u>	<u>1,474,982</u>	<u>1,356,681</u>
Utility systems, net	<u>3,913,920</u>	<u>3,782,116</u>	<u>3,529,408</u>	<u>3,375,842</u>	<u>3,245,212</u>
Revenue bonds and other debt outstanding (3)	3,006,436	2,988,904	2,932,066	2,865,320	2,818,681
Less:					
Bond retirement and reserve funds	147,637	170,700	161,597	160,867	169,005
Net debt	<u>2,858,799</u>	<u>2,818,204</u>	<u>2,770,469</u>	<u>2,704,453</u>	<u>2,649,676</u>
Equity in utility systems	<u>1,055,121</u>	<u>963,912</u>	<u>758,939</u>	<u>671,389</u>	<u>595,536</u>
Percentage of equity in utility systems	<u>26.96%</u>	<u>25.49%</u>	<u>21.50%</u>	<u>19.89%</u>	<u>18.35%</u>

(1) Does not include fuel oil or coal inventories of approximately \$16,664 at September 30, 2002. Consists primarily of spare parts inventory at Fayette Plant and South Texas Project.

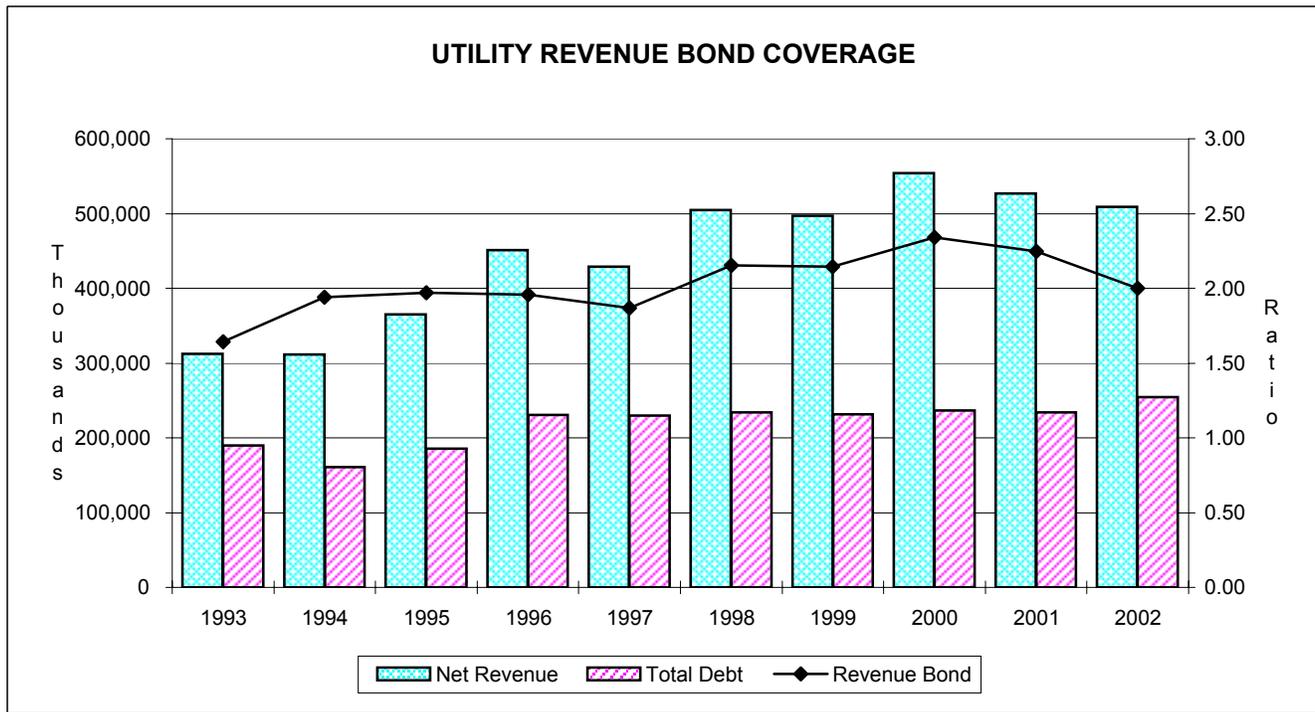
(2) Includes investment in municipal utility districts of \$1,389.

(3) Includes Revenue Bonds and Tax/Revenue Bonds of \$2,587,056 (net of discounts and inclusive of premiums); Contract Revenue Bonds of \$22,755; Capital Lease Obligations of \$16,637; Commercial Paper of \$358,351 (net of discounts); General Obligation Bonds of \$13,338; and Contractual Obligation Bonds of \$8,300.

**Schedule of Combined Utility Systems
Electric Fund and Water and Wastewater Fund
Revenue Bond Coverage
1993-2002 (in thousands)**

Fiscal Year Ended Sept. 30	Net Revenue Available for Debt Service			Debt Service Requirements (3)			Revenue Bond Coverage (4)
	Total Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total Debt Service	
	\$	\$	\$	\$	\$	\$	
1993	670,277	358,280	311,997	19,810	170,225	190,035	1.64
1994	684,560	372,995	311,565	14,885	145,845	160,730	1.94
1995	717,231	352,003	365,228	34,547	150,952	185,499	1.97
1996	831,371	380,407	450,964	75,520	154,728	230,248	1.96
1997	812,186	383,121	429,065	82,541	146,998	229,539	1.87
1998	918,508	413,939	504,569	93,922	140,541	234,463	2.15
1999	926,692	429,926	496,766	100,084	131,627	231,711	2.14
2000	1,070,558	516,441	554,117	96,790	140,126	236,916	2.34
2001	1,087,541	561,097	526,444	101,357	133,055	234,412	2.25
2002	1,022,988	513,780	509,208	98,876	155,645	254,521	2.00

- (1) Operating revenue and interest income.
- (2) Operating expenses other than interest on debt, depreciation and amortization.
- (3) Debt service calculations are done on a cash basis rather than the accrual basis used in preparation of the financial statements.
- (4) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest payments made during each fiscal year. Coverage includes prior, subordinate, and separate lien bonds only.



**Transfers from Electric Fund and
Water and Wastewater Fund
to General Fund
1982-2002 (in thousands)**

**City of Austin, Texas
Table 16**

Fiscal Year	Operating Revenue	Other Revenue	Total Revenue	Transfers to General Fund	Percentage of Total Revenue
	\$	\$	\$	\$	%
1982	388,676	17,856	406,532	37,083	9.12
1983	364,544	24,715	389,259	40,836	10.49
1984	451,146	31,331	482,477	46,057	9.55
1985	447,699	42,190	489,889	50,525	10.31
1986	516,724	51,724	568,448	56,090	9.87
1987	525,350	56,138	581,488	60,203	10.35
1988	556,356	42,873	599,229	63,741	10.64
1989	542,516	50,231	592,747	64,460	10.87
1990	585,184	53,748	638,932	63,666	9.96
1991	571,816	42,875	614,691	63,055	10.26
1992	578,276	31,038	609,314	73,238	12.02
1993	645,075	25,202	670,277	68,582	10.23
1994	662,807	21,753	684,560	67,914	9.92
1995	690,832	26,400	717,232	71,111	9.91
1996	800,078	31,293	831,371	73,583	8.85
1997	774,262	37,924	812,186	71,450	8.80
1998	870,163	48,345	918,508	72,721	7.92
1999	896,130	30,561	926,691	74,204	8.01
2000	1,023,208	47,351	1,070,559	78,352	7.32
2001	1,026,225	61,316	1,087,541	85,824	7.89
2002	974,629	48,359	1,022,988	88,924	8.69

Electric Fund and
Water and Wastewater Fund
Statistical Data
Year ended September 30, 2002
With comparative totals for year ended September 30, 2001

City of Austin, Texas
Table 17

	Electric Sales (KWH)		Number of Metered Customers (average)	
	2002	2001	2002	2001
Electric:				
Totals	10,152,740,460	10,429,526,710	353,072	346,795

KWH and number of customers do not include Sale for Resale information.

	2002		2001	
	Average Customers	Thousand Gallons	Average Customers	Thousand Gallons
Water and Wastewater:				
Thousands of gallons pumped		50,883,130 (1)		50,184,839 (1)
Less: Sales to other utilities		3,476,482		3,639,468
Thousand gallons to system		<u>47,406,648</u>		<u>46,545,371</u>
Water sales:				
Urban	165,536	36,577,034	165,536	37,653,186
Rural	11,700	2,338,585	11,700	2,219,216
	<u>177,236</u>	<u>38,915,619</u>	<u>177,236</u>	<u>39,872,402</u>
City departments	392	616,775	392	588,880
	<u>177,628</u>	<u>39,532,394</u>	<u>177,628</u>	<u>40,461,282</u>
Used by utility		1,529,717		1,531,430
Other unmetered usage		3,448,000		--
Loss and unaccounted for		2,896,537		4,552,659
Thousand gallons to system		<u>47,406,648</u>		<u>46,545,371</u>
Maximum daily use		206,125		240,285
Average daily consumption		122,024		125,020

(1) Pumpage includes the Davenport WTP estimate provided by ST Environmental Services.

**Water and Wastewater Fund
Large Customers
Five-Year Comparative Data (1998-2002)**

**City of Austin, Texas
Table 18**

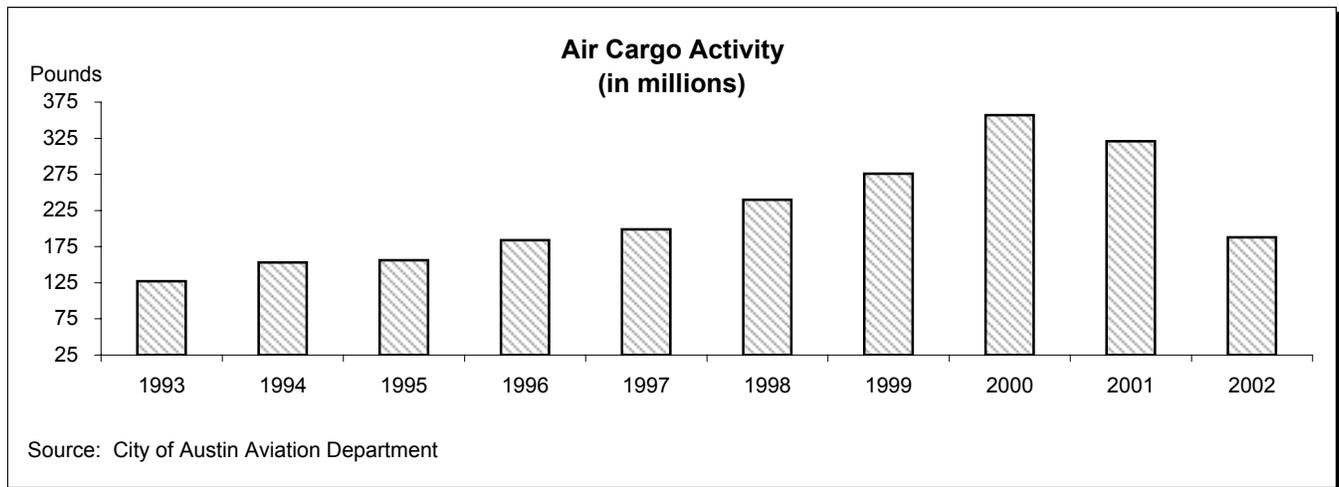
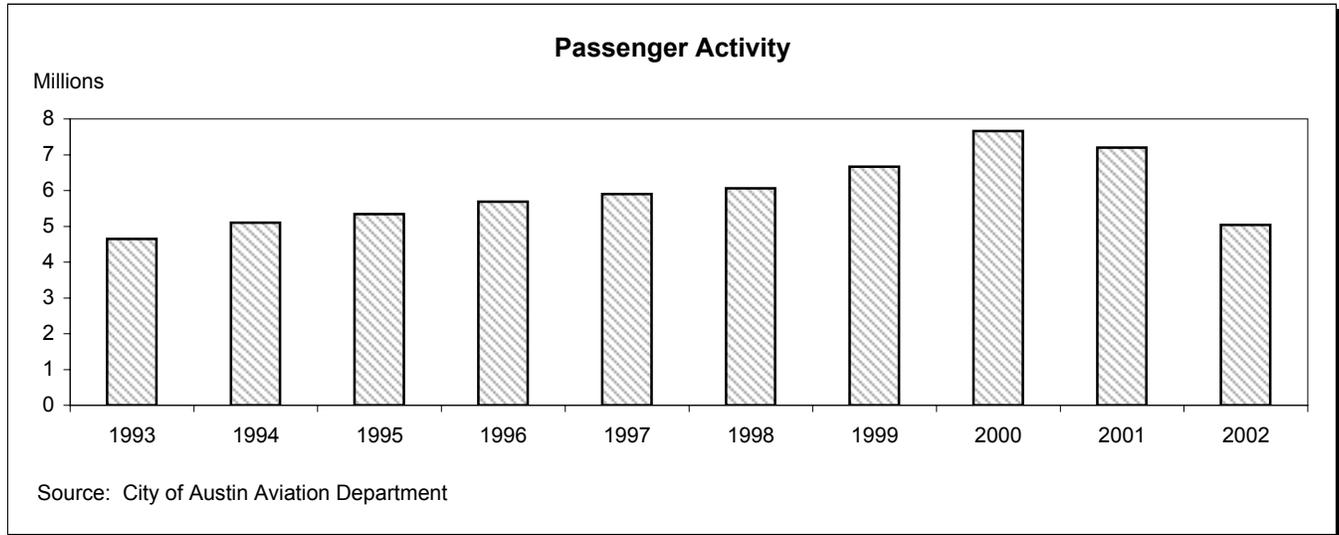
	Fiscal Year Ended September 30 (dollars in thousands)									
	2002		2001		2000		1999		1998	
	Gallons	Revenue	Gallons	Revenue	Gallons	Revenue	Gallons	Revenue	Gallons	Revenue
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
LARGE WATER CUSTOMERS										
Motorola, Inc. (1)	1,277,560	3,202	1,931,463	4,886	1,814,060	4,031	1,781,016	3,855	1,904,313	3,927
Advanced Micro Devices	911,042	2,291	979,919	2,340	1,044,510	2,082	1,186,752	2,570	1,250,741	2,584
The University of Texas at Austin	863,720	2,319	1,135,801	4,094	1,029,359	2,341	908,424	2,056	824,213	1,784
Water District 10	773,882	1,604	848,672	1,666	901,248	1,831	699,180	1,416	737,810	1,509
Wells Branch MUD	575,113	1,092	587,057	1,076	646,054	1,328	544,046	1,107	559,016	1,013
Samsung	495,548	1,246	492,533	1,153	462,139	1,005	353,927	768	363,761	812
Anderson Mill MUD	477,297	757	486,185	851	546,213	936	510,713	872	542,058	899
North Austin MUD	367,626	910	364,580	712	406,345	850	297,789	622	323,138	658
Lost Creek	293,571	612	303,592	608	355,547	758	282,637	600	320,721	655
Shady Hollow MUD	224,608	523	247,103	496	300,277	800	217,346	576	266,715	671
	6,259,967	14,556	7,376,905	17,882	7,505,752	15,962	6,781,830	14,442	7,092,486	14,512

(1) Totals for Motorola, Inc. include the east Austin plant site and the west Austin plant site.

AUSTIN-BERGSTROM INTERNATIONAL AIRPORT *

Year	Airline Passengers			Cargo Statistics (in millions of pounds)
	Enplanements	Deplanements	Total	
1993	2,324,696	2,323,769	4,648,465	127
1994	2,550,011	2,550,132	5,100,143	153
1995	2,668,447	2,676,240	5,344,687	156
1996	2,853,225	2,838,008	5,691,233	184
1997	2,957,553	2,946,752	5,904,305	199
1998	3,037,566	3,028,407	6,065,973	240
1999	3,363,069	3,307,782	6,670,851	276
2000	3,938,644	3,720,027	7,658,671	357
2001	3,690,835	3,508,487	7,199,322	321
2002	2,573,434	2,466,496	5,039,930	188

*2002 figures represent activity through September 2002.



Department and Policy	Expires	Annual Premium	Insurer	Limits of Coverage	Coverage Overview
City-wide (Excluding Austin Energy (1)) <ul style="list-style-type: none"> All-risk property Boiler and machinery 	10/1/02	\$965,656	FM Global	\$1,000,000,000	Provides replacement cost coverage for loss or damage to City buildings, and contents due to fire, wind storm, hail, or other perils. Subject to a \$100,000 per occurrence deductible. Provides coverage for fine arts owned or on loan subject to \$1,000 deductible per claim. Covers Cable TV equipment with \$1,000 deductible. Covers damages from boiler and fired pressure vehicle accidents with a \$10,000 deductible.
City-wide <ul style="list-style-type: none"> Commercial crime 	10/20/02	\$13,169	Fidelity & Deposit	\$5,000,000	Covers loss of funds through public employee dishonesty. Subject to \$5,000 deductible.
			Fidelity & Deposit	\$1,000,000	Covers loss of funds through forgery or alteration of, on, or in any covered instrument. Subject to \$5,000 deductible.
City-wide Selected capital improvement projects <ul style="list-style-type: none"> Hired and nonowned auto 	11/1/02	Premium is for a 4 year term; \$1,000 paid	St. Paul Insurance	\$1,000,000 per occurrence	Provides bodily injury and property damage coverage to the City and contractors signed up in the Rolling Owner Controller Insurance Program (ROCIP). Coverage is provided for nonowned and hired vehicles and is intended to be excess over primary auto coverage.
City-wide Selected capital improvement projects <ul style="list-style-type: none"> Commercial general liability 	11/1/02	\$2,812,770 Premium is for a 4 year term. Premium may vary based on experience.	St. Paul Insurance	\$2,000,000 per occurrence; \$2,000,000 general aggregate	Provides bodily injury, property damage, and completed operations coverage to the City and contractors signed up in the ROCIP program. Coverage is provided only at specified capital improvement project sites participating in the program.
City-wide Selected capital improvement projects <ul style="list-style-type: none"> Workers compensation and employers liability 	11/1/02	Premium included in Commercial general liability above and is for a 4 year term. Premium may vary based on experience.	St. Paul Insurance	Workers' compensation: Statutory Employers' Liability: \$1,000,000 each accident \$1,000,000 policy limit \$1,000,000 each employee	Provides workers' compensation and employers' liability coverage to all contractors working on specified capital improvement project sites participating in the ROCIP program.

(continued)

(1) Austin Energy maintains appropriate levels of insurance coverage on all property and boiler/machinery, as well as excess liability coverage. Coverage is in compliance with applicable regulations and bond covenants.

Department and Policy	Expires	Annual Premium	Insurer	Limits of Coverage	Coverage Overview
City-wide Selected capital improvement projects • Excess liability	11/1/02	\$140,160 Premium is for a 4 year term.	St. Paul Insurance	\$8,000,000	Provides excess coverage over the primary auto, employers' liability, and general liability coverage. Self-insured retention is \$25,000.
Aviation • Airport liability	3/24/03	\$148,825	XL Specialty	\$100,000,000	Provides liability protection for operations at the airport. \$100,000,000 per occurrence. Personal injury limits of \$25,000,000.
Finance • Fidelity bond	5/6/03	\$667	Fidelity & Deposit Co. of Maryland	\$100,000	Covers loss of funds through employee dishonesty for the Director of Finance and City Treasurer. No deductible applicable.
Health and Human Services Department (HHSD) and Primary Care Department • Medical malpractice	5/20/03	\$115,664	Texas Medical Liability Trust	\$200,000 per occurrence; \$600,000 aggregate	Provides medical malpractice coverage for physicians. Coverage is on a claims made basis and is offered as a benefit for physicians employed by the City for both HHSD and Primary Care.
Police • Airplane liability • Helicopter liability and hull coverage	12/21/02	\$95,600	Old Republic	Airplane—\$100,000 per person, \$1,000,000 per occurrence Helicopter— \$10,000,000 per occurrence	Aircraft physical damage; liability to others; medical expense.
Public Works • Commercial general liability	5/12/03	\$15,541	Audubon Indemnity Company	\$1,000,000 per occurrence; \$2,000,000 general aggregate	Provides bodily injury and property damage coverage to the City. Coverage is provided only for 505 Barton Springs Road, One Texas Center. Purchased for compliance with tenant lease agreements.
Austin Energy Services • Excess Liability	12/31/02	\$303,876	Aegis	\$35,000,000 per occurrence	Provides bodily injury and property damage coverage for the Austin Energy Services of the city. Excess coverage is provided for general liability, automobile liability, and employers' liability.

Hotel-Motel Occupancy Tax
Tax Levied Effective January 1, 1971 (Base Year Is 1972)
1971-2002

City of Austin, Texas
Table 21

Fiscal Year Ended Sept. 30	(In thousands)					Total	Percent Base Year	Annual Increase (Decrease)
	1st Quarter Oct. - Dec.	2nd Quarter Jan. - Mar.	3rd Quarter Apr. - Jun.	4th Quarter Jul. - Sept.				
1971 (1)	\$ --	\$ --	\$ 69	\$ 73	\$ 142	% N/A	% N/A	
1972	77	67	73	79	296	100.0	0.0	
1973	81	72	87	93	333	112.4	12.4	
1974	93	81	87	99	360	121.7	8.2	
1975	99	94	97	113	403	136.2	12.0	
1976	117	103	123	149	492	166.3	22.0	
1977 (2)	152	136	186	139	613	207.1	24.5	
1978	185	214	237	293	929	313.9	51.6	
1979	289	273	308	353	1,223	413.4	31.7	
1980	342	321	361	401	1,425	481.3	16.4	
1981	410	363	443	481	1,697	573.2	19.1	
1982	549	436	507	603	2,095	707.7	23.5	
1983	630	520	649	699	2,498	843.9	19.3	
1984 (3)	689	642	768	917	3,016	1,019.0	20.7	
1985	942	1,492	1,557	1,924	5,915	1,998.3	96.1	
1986	1,706	1,438	1,597	1,554	6,295	2,126.7	6.4	
1987	1,675	1,224	1,682	1,569	6,150	2,077.8	(2.3)	
1988	1,379	1,329	1,523	1,709	5,940	2,006.9	(3.4)	
1989	1,675	1,684	1,907	2,127	7,393	2,497.7	24.5	
1990	1,879	1,620	1,919	2,152	7,570	2,557.5	2.4	
1991	1,942	1,860	2,154	2,351	8,307	2,806.6	9.7	
1992	2,224	1,957	2,317	2,622	9,120	3,081.2	9.8	
1993	2,463	2,260	2,779	3,011	10,513	3,552.0	15.3	
1994	2,727	2,409	2,897	3,444	11,477	3,877.5	9.2	
1995	3,115	2,870	3,501	3,654	13,140	4,439.5	14.5	
1996	3,494	3,203	3,763	3,800	14,260	4,817.8	8.5	
1997	3,537	3,353	3,860	4,468	15,218	5,141.5	6.7	
1998 (4)	4,539	4,284	4,936	5,061	18,820	6,358.4	23.7	
1999	5,612	5,552	6,375	7,073	24,612	8,315.4	30.8	
2000	6,637	6,264	7,573	8,284	28,758	9,716.1	16.8	
2001 (5)	7,595	7,671	8,043	7,836	31,145	10,522.4	8.3	
2002	5,832	5,355	6,350	7,222	24,759	8,365.2	(20.5)	

(1) 3% tax levied effective January 1, 1971. Section 32-32(a) of Article V of Chapter 32 of the 1967 Code of the City of Austin.

(2) Tax levy increased to 4% effective October 1, 1977. Ordinance No. 770901-1 amended Section 32-32(a) of Article V of Chapter 32 of the 1967 Code of the City of Austin.

(3) Tax levy increased to 7% effective October 1, 1984. Ordinance No. 840712-U amended Section 5-3-2(a) of Chapter 5-3 of Title V of the 1981 Code of the City of Austin.

(4) Tax levy increased to 9% effective August 1, 1998. Ordinance No. 980709-G amended Section 5-3-2(a) of Chapter 5-3 of Title V of the 1981 Code of the City of Austin.

(5) Beginning in fiscal year 2001, the City implemented GASB Statement No. 33, which changes the method of reporting tax collections in the City's financial statements. This table will continue to be reported on a cash basis to provide a more meaningful comparison.

Vehicle Rental Tax
Tax Levied Effective January 1, 1999 (Base Year Is 2000)
1999-2002

City of Austin, Texas
Table 22

Fiscal Year Ended Sept. 30	(In thousands)					Total	Percent Base Year %	Annual Increase (Decrease) %
	1st Quarter Oct. - Dec.	2nd Quarter Jan. - Mar.	3rd Quarter Apr. - Jun.	4th Quarter Jul. - Sept.				
1999 (1)	\$ --	\$ --	\$ 983	\$ 1,177	\$ 2,160	N/A	N/A	
2000	1,185	1,136	1,421	1,509	5,251	100.0	0.0	
2001 (2)	1,468	1,460	1,379	1,420	5,727	109.1	9.1	
2002	1,258	1,085	1,154	1,259	4,756	90.6	(17.0)	

(1) 5% tax levied effective January 1, 1999. Ordinance No. 981210-A.

(2) Beginning in fiscal year 2001, the City implemented GASB Statement No. 33, which changes the method of reporting tax collections in the City's financial statements. This table will continue to be reported on a cash basis to provide a more meaningful comparison.

Date of Incorporation:	December 27, 1839	Police protection:	
Date first Charter adopted:	December 27, 1839	Number of employees	1,755
Date present Charter adopted:	January 31, 1953	Number of law offenses	125,474
Form of Government:	Council - Manager	Number of arrests	42,131
Number of Employees:	10,922	Vehicle patrol units	290
		Number of employees per 1,000 population (1) (3)	2.6153
Elections:		Library:	
Number of registered voters,		Central and branch libraries	22
November 5, 2002	544,256 Travis County	Volumes in collection	1,477,881
May 4, 2002	473,822 City of Austin	Materials circulated	3,282,517
November 7, 2000	511,436 City of Austin	Registered borrowers	446,272
Number of votes cast in:		Recreation:	
Last general election,		District parks	11
November 5, 2002	219,958	Metropolitan parks	10
Last bond election, November 7, 2000	228,615	Natural preserves	15
Last general municipal election, May 4, 2002	42,431	Neighborhood parks	84
		Special parks (museums and miscellaneous)	27
Percentage of registered voters voting in:		Greenbelts	25
Last general election,		Golf courses	6
November 5, 2002	40.41%	Swimming pools	47
Last bond election, November 7, 2000	44.70%	Recreation centers	17
Last general municipal election, May 4, 2002	8.96%	Youth entertainment complex	1
		Senior activity sites	20
Fire protection:		Athletic fields	87
Number of stations	40	Tennis courts	102
Number of employees	1,064	Open fields	88
Number of alarms answered	59,108	Senior activity centers	3
Number of employees per 1,000 population (1) (3)	1.5856	Veloway	3.1 miles
		Hike and bike trails	75 miles

POPULATION ANALYSIS

Year	Austin (1)		Travis County (1)		Texas (2)		United States (2)	
	Population	Percentage Change	Population	Percentage Change	Population	Percentage Change	Population	Percentage Change
1940	87,930	--	111,053	--	6,414,824	--	132,165,000	--
1950	132,459	50.64	160,980	44.96	7,711,194	20.21	151,326,000	14.50
1960	186,545	40.83	212,136	31.78	9,579,677	24.23	179,323,000	18.50
1970	253,539	35.91	295,516	39.30	11,198,655	16.90	203,302,000	13.37
1980	345,496	36.27	419,573	41.98	14,228,383	27.05	222,110,000	9.25
1985	406,584	17.68	527,120	25.63	16,370,000	15.05	238,740,000	7.49
1990	450,830	10.88	576,407	9.35	16,986,510	3.77	249,632,692	4.56
1995	523,352	16.09	656,979	13.98	18,724,000	10.23	262,755,000	5.26
1996	541,889	3.54	681,654	3.76	19,128,000	2.16	265,410,000	1.01
1997	560,939	3.52	703,717	3.24	19,439,337	1.63	267,792,000	0.90
1998	608,214	8.43	725,669	3.12	19,759,614	1.65	271,685,044	1.45
1999	619,038	1.78	744,857	2.64	20,044,141	1.44	272,690,813	0.37
2000	628,667	1.56	749,426	0.61	20,044,141	0.00	272,690,813	0.00
2001	661,639	5.24	837,206	11.71	20,851,820	4.03	281,421,906	3.20
2002	671,044	1.42	848,484	1.35	21,779,893	4.45	288,368,698	2.47

(1) All years are estimates from the City's Department of Development and Review based on full purpose area as of December 31. Census years are modified to conform to U.S. Bureau of the Census data. Estimates for 1985 were revised in 1990 based on the 1990 census.
 (2) U.S. Bureau of the Census official estimates as of July 31, except for census years; 2000 data available April 2001.
 (3) Represents civilian and sworn employees.

Year	Area of Incorporation (Sq. Miles)	Population (1)	Utility Connection (2)			Effective Buying Income (EBI) (4)	
			Electric (3)	Water	Gas	Median Household EBI	Per Capita EBI
						\$	\$
1993	193.15	478,254	291,896	146,396	143,088	29,662	16,965
1994	192.16	507,468	298,662	148,148	142,373	32,062	17,487
1995	196.68	523,352	306,670	149,867	147,023	33,981	18,490
1996	195.74	541,889	319,518	151,757	148,124	29,803	16,685
1997	232.26	560,939	326,816	156,397	156,752	31,362	17,494
1998	253.67	608,214	342,263	168,907	165,274	33,690	18,999
1999	252.30	619,038	348,721	173,038	173,150	36,532	18,973
2000	264.90	628,667	344,134	176,096	172,063	36,321	20,790
2001	265.80	661,639	349,671	178,608	172,177	39,811	22,241
2002	273.10	671,044	359,358	182,977	193,278	47,089	25,109
1993-2002							
Change	41.39%	40.31%	23.11%	24.99%	35.08%	58.75%	48.00%

Year	Building Permits			Retail Sales (Austin) (5)	Austin Area Home Sales (6)	
	Federal, State and Municipal	Taxable	Total		Average Sale Price	Number of Homes Sold
	\$	\$	\$	\$	\$	
1993	70,976,449	607,717,144	678,693,593	6,253,828,689	114,908	11,104
1994	19,643,501	840,043,119	859,686,620	6,784,452,526	120,161	10,833
1995	11,087,831	870,446,315	881,534,146	7,286,274,112	126,726	8,436
1996	89,945,847	1,246,232,619	1,336,178,466	7,932,937,305	132,699	9,773
1997	2,574,539	1,023,114,762	1,025,689,301	8,513,655,224	146,763	8,094
1998	46,722,845	1,434,660,615	1,481,383,460	10,842,488,373	155,600	10,536
1999	54,399,189	1,501,435,229	1,555,834,418	11,279,844,061	166,272	12,284
2000	34,334,286	1,797,039,075	1,831,373,361	13,577,833,634	196,308	12,972
2001	71,189,116	1,625,508,854	1,696,697,970	12,542,967,960	154,000	12,444
2002	38,727,017	1,261,868,130	1,300,595,147	12,422,963,735	159,000	12,837
1993-2002						
Change	(45.44)%	107.64%	91.63%	98.65%	38.37%	15.61%

Note: All numbers are as of fiscal year ended September 30, except where noted.

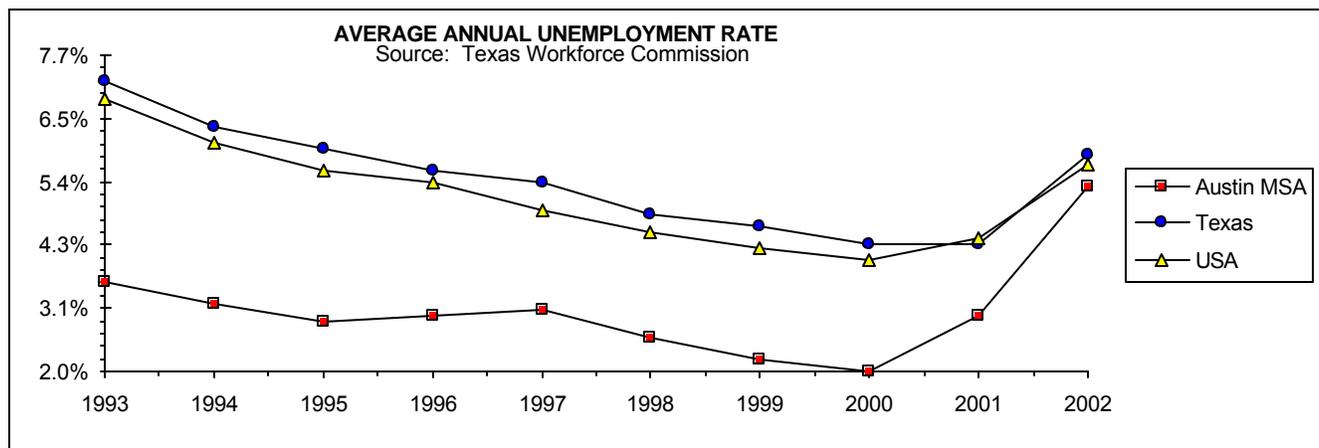
- (1) Figures represent full purpose population as of December 31 for each year.
- (2) Figures are as of September 30.
- (3) Figures exclude nightwatchman billings.
- (4) Source: 2002 Survey of Buying Power, Sales and Marketing Management.
- (5) Source: State of Texas Comptroller's Office. Amount is an estimate based on State of Texas Comptroller's Office data.
- (6) Source: Austin Board of Realtors.

EMPLOYMENT BY INDUSTRY IN THE AUSTIN METROPOLITAN STATISTICAL AREA (1)

Industrial Classification	2002		2000		1990		1980	
	Number	% of Total						
Manufacturing	71,200	10.6	84,662	12.9	49,300	12.9	31,014	12.8
Government	147,900	22.1	137,171	20.9	110,400	28.8	78,263	32.3
Trade	153,100	22.8	150,231	22.9	78,400	20.4	51,852	21.4
Services and miscellaneous	201,800	30.1	190,048	28.9	97,200	25.3	44,826	18.5
Finance, insurance and real estate	34,100	5.1	32,031	4.9	23,400	6.1	14,296	5.9
Contract construction	39,800	5.9	39,134	6.0	12,000	3.1	14,053	5.8
Transportation and utilities	20,700	3.1	21,540	3.3	12,100	3.2	7,269	3.0
Mining	1,700	0.3	1,353	0.2	700	0.2	727	0.3
Totals	670,300	100.0	656,170	100.0	383,500	100.0	242,300	100.0

Source: Texas Workforce Commission (TWC)

(1) Austin MSA includes Travis, Bastrop, Caldwell, Hays, and Williamson Counties. Numbers for 2002 are an estimate based on TWC and the Bureau of Labor Statistics, and U.S. Department of Labor data as of March 31st.



TEN LARGEST EMPLOYERS
September 30, 2002

Employer	Product or Service	Number of Employees	% of Total (2)
The University of Texas at Austin	Education and research	20,249	3.0
Dell Computer Corporation	Computers	16,000	2.4
City of Austin	City government	10,922	1.6
Austin Independent School District	Education	10,408	1.6
Motorola, Inc.	Electronic components	7,500	1.1
IBM Corporation	Office machines	7,000	1.0
Seton Healthcare Network	Hospital	6,779	1.0
Internal Revenue Service	Federal agency	5,800	0.9
HEB Grocery	Grocery/pharmacy	5,666	0.8
Austin Community College	Education	4,600	0.7
		94,924	14.1

Source: Austin Chamber of Commerce

(2) Total refers to total work force of 670,300 as stated in the 'Employment by Industry' Table, above.

Elements of Budget Fund Balance
for Selected Operating Funds (in thousands)
September 30, 2002

City of Austin, Texas
Table 26

	Reserve for Encumbrances	Inception-to-Date Change in Fair Value
General Fund	\$ 4,951	418
Special Revenue Funds:		
Fiscal Surety - Land Development	--	614
Enterprise Funds:		
Electric	10,715	1,344
Water and Wastewater:		
Water	1,067	426
Wastewater	1,204	498
Airport	417	677
Convention Center	315	1,177
Drainage	423	--
Golf	131	--
Hospital	117	--
Parks and Recreation:		
Softball	13	--
Recreation Centers	25	--
Primary Care	290	--
Solid Waste Services	352	--
Transportation	1,318	--
Internal Service Funds:		
Capital Projects Management	361	--
Employee Benefits	25	--
Fleet:		
Operating	393	426
Designated for acquisition	1,175	--
Information Systems	1,637	--
Liability Reserve	387	--
Support Services	3,101	--
Wireless Communication	63	--